

# NEW APPLICATION



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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Attorneys for Applicant SOLON Corporation

## BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES  
CHAIRMAN

SANDRA D. KENNEDY  
COMMISSIONER

PAUL NEWMAN  
COMMISSIONER

GARY PIERCE  
COMMISSIONER

BOB STUMP  
COMMISSIONER

**IN THE MATTER OF SOLON  
CORPORATION REGARDING ITS  
REQUEST FOR SPECIAL  
CONTRACT APPROVAL FOR  
SOLAR SERVICES AGREEMENT**

) **DOCKET NO.** E-20729A-10-0199  
)  
) **APPLICATION FOR SPECIAL CONTRACT**  
) **APPROVAL: EXPEDITED REVIEW**  
) **REQUESTED**

Applicant, SOLON Corporation, an Arizona corporation, by and through its undersigned counsel and on behalf of its wholly owned subsidiary, SOLON PV1 LLC (SOLON Corporation, and SOLON PV1 will collectively be referred to herein as "SOLON") hereby submits its Application for Special Contract Approval seeking expedited review.

RESPECTFULLY SUBMITTED this 14<sup>th</sup> day of May, 2010.

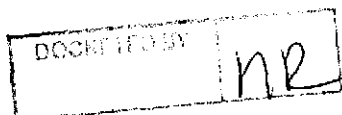
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Scottsdale, Arizona 85250  
Attorneys for Applicant SOLON Corp.

Arizona Corporation Commission

**DOCKETED**

MAY 14 2010



1 **APPLICATION OF SOLON CORPORATION FOR SPECIAL CONTRACT APPROVAL**  
2 **OF SOLAR SERVICES AGREEMENT**  
3

4 **I. Background**

5 SOLON files this Application seeking Special Contract Approval for a total of three (3)  
6 Solar Services Agreements ("SSA") between SOLON PV1 LLC and Paradise Valley Unified  
7 School District, a political subdivision of the State of Arizona ("PVUSD"). The SSAs are  
8 attached to this Application as **Exhibits A-1 through A-3**. It is important to note up front that  
9 these SSAs represent an opportunity for PVUSD to save a combined estimated total of \$2.4  
10 million over the course of the next 20 years which will allow for additional money to be spent on  
11 students and teachers at a time when school districts throughout the State are facing significant  
12 economic challenges. SOLON is pleased to be able to partner with PVUSD to allow it to  
13 implement solar and save such a significant amount of money. See letter in support of this  
14 Application from PVUSD attached hereto as **Exhibit B**.

15 SOLON files this Application seeking an Order approving the rate proposed in the  
16 attached SSAs as Special Contracts and requesting that such Order be substantially similar to the  
17 Order approved for SolarCity in Track One of Docket No. E-20690A-09-0346. SOLON submits  
18 this SSA for Special Contract approval with the understanding that this Application does not  
19 indicate that SOLON acknowledges the Commission's jurisdiction to regulate SOLON under  
20 these facts. In fact, SOLON believes that the Commission does not have jurisdiction over SSA  
21 providers. Further, SOLON provides this Application pursuant to and in reliance on the  
22 Commission's July 22, 2009, Procedural Order in Docket No. E-20690A-09-0346 (the  
23 "**Procedural Order**") indicating that parties to the SolarCity docket will not use filings for  
24 special contract approval to prejudice in any way the outcome in Track Two of that Docket.

25  
26 **II. Discussion**

27 SOLON intends to design, install, maintain, and finance three (3) solar photovoltaic  
28 systems, each on different high schools in PVUSD's district (collectively the "**PVUSD**

1 **Systems**”). PVUSD selected SOLON to provide it with solar services after issuing a Request for  
2 Proposal (“RFP”) seeking solar service providers. The RFP was competitively bid and had  
3 multiple respondents from which SOLON was selected based on the strength of its bid.

4 SOLON will design, install, maintain and finance the PVUSD Systems pursuant to the  
5 attached SSAs and Solar Lease Agreements (the Solar Leases are attached at **Exhibits C-1**  
6 **through C-3**). Under the SSA, SOLON will design, install, maintain and finance the solar  
7 Systems with no up front cost pursuant to all applicable rules and regulations including the  
8 Commission’s Interconnection Document and Arizona Public Service’s (“APS” or the “Utility”)  
9 Interconnection Standards. PVUSD will benefit from this arrangement and will be able to adopt  
10 solar with zero up-front costs while saving significant amounts of money over time.

11 The PVUSD SSAs each provide for a SSA rate starting at \$0.07 per kWh with a 2%  
12 annual escalation rate for 20 years. See Exhibit D to each of the SSAs (SSAs are **Exhibit A** to  
13 this Application) for confirmation of the rate calculation. SOLON and PVUSD have already  
14 secured reservations from APS for a rebate associated with each of the PVUSD Systems and the  
15 associated Renewable Energy Credits (“RECs”). See **Exhibits C-1 through C-3**, REC Purchase  
16 Contracts for each PVUSD System). Therefore, there will be no modifications to the SSA rate  
17 requested herein.

18 The PVUSD SSAs represent three (3) separate agreements with substantially similar  
19 terms (including the same rate) for each of the following high schools; Shadow Mountain;  
20 Pinnacle; and North Canyon. The estimated annual production of each of the Systems and its  
21 estimated fair value is as follows:

22 Shadow Mountain 1,675,116 kWhs; \$4,860,000;

23 Pinnacle 795,680 kWhs; \$2,308,500;

24 North Canyon 1,616,279 kWhs; \$4,698,000.

25  
26 PVUSD will save an estimated total of over \$2.4 million over the course of the 20 year  
27 SSAs. The installation of this System and the approval of the SSA rate clearly are in PVUSD  
28 and the public’s best interest.

1 Further, approval of the SSA rate proposed in this Application is in the public interest as  
2 it will further the Commission's goals under the REST standards and the Utility's ability to  
3 comply with those standards.  
4

### 5 **III. Time is of the essence: expedited review request**

6 Each of the REC Reservation Agreements with APS requires the projects to be on line in  
7 the near future with the first required to be operational on or before September 30, 2010.  
8 SOLON cannot financially commit to construct the multi-million dollar projects without the  
9 certainty that the requested Order gives to the proposed rate in light of potential future  
10 regulation. As a result, it is imperative that this matter be heard on or before the Commission's  
11 scheduled July Open Meeting so that construction can be completed on time. From a timing  
12 perspective SOLON had expected that Docket No. E-20690A-09-0346 (SolarCity Docket) would  
13 already have been resolved however, at this time it is left with no choice but to bring forward this  
14 Application for Commission consideration to relieve uncertainty in time for construction.  
15 Finally, every day that passes means one less day that the County can save money in these  
16 difficult economic times.  
17

### 18 **IV. Waiver**

19 Solon hereby waives the statutory time periods that apply to the Commission's  
20 consideration of this Application under A.R.S. § 40-367 to the extent that such consideration and  
21 decision is rendered at or before the Commission's Open Meeting of July 28, 2010.  
22

### 23 **V. Conclusion**

24 For these reasons, SOLON hereby respectfully requests that the Commission  
25 expeditiously approve the rate proposed in the attached SSAs as a special contract pursuant to  
26 the framework utilized in Track One of Docket No. E-20690A-09-0346.  
27  
28



1 ORIGINAL and thirteen (13) copies  
2 of the foregoing filed this 14th day of  
3 May, 2010, with:

4 Docket Control  
5 AZ Corporation Commission  
6 1200 W. Washington St.  
7 Phoenix, Arizona 85007

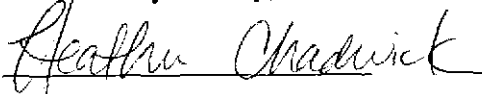
8 I hereby certify that I have this day served the foregoing documents on all parties of record in  
9 this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid  
10 to:

11 Janice Alward  
12 AZ Corporation Commission  
13 1200 W. Washington St.  
14 Phoenix, AZ 85007

15 Steve Olea  
16 AZ Corporation Commission  
17 1200 W. Washington St.  
18 Phoenix, AZ 85007

19 Lyn Farmer  
20 AZ Corporation Commission  
21 1200 W. Washington St.  
22 Phoenix, AZ 85007

23 Dated at Scottsdale, Arizona  
24 this 14th day of May, 2010.

25   
26  
27  
28

**EXHIBIT A-1**

## SOLAR SERVICES AGREEMENT NORTH CANYON HIGH SCHOOL

THIS SOLAR SERVICES AGREEMENT (this "SSA" or "Agreement") is made and entered into as of this 10 day of March, 2010 (the "Effective Date"), by and between SOLON PVI, LLC, an Arizona limited liability company ("Provider") and Paradise Valley Unified School District No. 69, a political subdivision of the State of Arizona ("Recipient"). Provider and Recipient are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, concurrently herewith, Recipient and Provider are entering that certain Site Lease Agreement (the "Lease") pursuant to which Provider agrees to lease a portion of the Facility (as defined in the Lease) located at 1700 E. Union Hills Drive, Phoenix, AZ 85024 (the "Premises") as more particularly described in Exhibit A attached hereto.

WHEREAS, in connection with this Agreement, Provider shall, with Recipient's cooperation, design, construct, install, maintain, finance and operate the System, as more particularly described in Exhibit B hereto.

WHEREAS, Provider desires to provide to Recipient, and Recipient desires to purchase from Provider, all of the Solar Services, during the Initial Term in accordance with the terms and conditions of this SSA.

WHEREAS, Recipient has statutory authority to enter into this agreement pursuant to A.R.S. § 15-213.01.

WHEREAS, Recipient has determined that the total amount it will pay Provider for Provider's Solar Services provided herein and calculated on a per kWh basis will be less than the total amount Recipient would otherwise have had to pay without this Agreement to Recipient's Electric Utility Provider for the Premises calculated on a per kWh basis over the expected life of the system or 25 years, whichever is shorter, after the Commercial Operation Date pursuant to A.R.S. §15-213.01(B).

NOW THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Parties agree as follows:

### ARTICLE I DEFINED TERMS; RULES OF INTERPRETATION

1.1 Defined Terms. Capitalized terms, not otherwise defined in the body of the SSA, shall have the meanings ascribed to them in Exhibit C attached hereto.

1.2 Rules of Interpretation. The Rules of Interpretation contained in Exhibit C attached hereto shall apply to this SSA unless expressly provided otherwise in the body hereof.

## ARTICLE II TERM

2.1 Term. The terms and conditions of this SSA shall be effective and enforceable as of the Effective Date; provided, however, the 20 year initial term of this SSA shall commence on the Commercial Operation Date and shall terminate on the 20th anniversary of the Commercial Operation Date (the "Initial Term"). Following the expiration of the Initial Term the Parties may enter into an extension term upon mutual agreement in writing.

2.2 Conditions Precedent. The obligations of the Provider under this SSA are expressly conditioned upon the satisfaction in full (or written waiver) of all of the following conditions:

- (a) Recipient and Provider shall have entered into the Lease;
- (b) Recipient shall have entered into an interconnection agreement related to the System with APS upon terms and conditions reasonably satisfactory to Provider;
- (c) Provider shall have entered into all applicable contracts required for the System to be placed in service;
- (d) Provider shall have secured project financing sufficient in Provider's sole discretion, to finance the cost of installation of the System and perform the other Solar Services, and, to the extent required pursuant to the applicable financing documentation, Provider shall have reached written agreement with the financing institution pursuant to which Provider assigns some or all of its rights and obligations hereunder to said financing institution (or its designated corporate affiliate) under this SSA;
- (e) It shall have been determined that Provider is not subject to regulation by the ACC as a result of entering into this SSA, or, in Provider's sole discretion, the ACC shall have approved this SSA, including the Solar Services Payment Rate, in form and substance, and shall have sufficiently defined the regulation applicable to Provider as a result of this SSA;
- (f) Recipient shall have, prior to or on the date hereof, (i) entered into an agreement with APS under the Program, in the form attached at Exhibit H, entitling Provider to a CPP in connection with the System's Energy (the "REC Purchase Agreement") in an amount equal to the product of \$2.25 per watt (DC) and the System's installed generating capacity and (ii) assigned all the CPP to Provider;
- (g) All necessary permits, licenses and other approvals required by Applicable Law to design and construct the System have been obtained; and
- (h) Each of the Parties shall have obtained the insurance required under the terms of this SSA or the Lease and provided to the other Party proof of such insurance, pursuant to the terms of this Agreement.

If any one of the conditions precedent above is not satisfied by April 30, 2010, Provider may terminate this Agreement without penalty and without triggering the default provisions of Article

2 or incurring any liability under this Agreement whatsoever. Notwithstanding the foregoing, Provider shall not have any liability to Recipient for a delay in the Commercial Operation Date unless such delay is caused by the negligence, gross negligence, or intentional misconduct of Provider or its agents or subcontractors, in which case Recipient may terminate this Agreement without penalty and without triggering the default provisions of Article 9 or incurring any liability under this Agreement whatsoever.

2.3 Notice of Commercial Operation. Provider shall notify Recipient when the System is capable of Commercial Operation, and shall in such Notice specify to Recipient the Commercial Operation Date. Such notice provided pursuant to this Section 2.3, shall be delivered not less than three (3) Business Days prior to the Commercial Operation Date.

2.4 Removal of System at End of Term. Except as otherwise provided herein, Provider shall remove, within ninety (90) days following the end of the Term, and at Provider's sole cost and expense, the System from the Premises. Provider and its agents, consultants, and representatives shall have access at all reasonable times to the Premises and the System for purposes of such removal. The Provider shall repair any and all damage caused by Provider and its agents in connection with the removal of the System.

2.5 Survival. Effective as of any termination of this SSA, the Parties will no longer be bound by the terms and conditions of this SSA, except (a) to the extent necessary to enforce any rights and obligations of the Parties, including payment obligations, arising under this SSA prior to termination of this SSA, (b) as provided in Section 2.4, and Section 12.4 that the obligations of the Parties under this SSA with respect to indemnification will survive the termination of this SSA and will continue (but only with respect to claims for indemnification based upon events or circumstances occurring or arising on or before the termination of this SSA) for a period of three (3) years following any termination of this SSA.

### ARTICLE III PURCHASE AND SALE; DELIVERY; GOVERNMENTAL CHARGES

3.1 Purchase and Sale of Solar Services. Subject to certain limitations hereunder and the terms and conditions hereunder, Recipient engages Provider to provide the Solar Services to Recipient and Provider agrees to provide the Solar Services to Recipient. Commencing on the Commercial Operation Date and continuing throughout the remainder of the Term, Provider shall make available to Recipient, and Recipient shall take delivery of, at the Delivery Point, all of the Energy Output (100%) produced by the System. Neither Party shall seek to change any of the rates or terms of this Agreement by making a filing or application with any local, state or federal agency with jurisdiction over such rates or terms or exercise any rights a Party may have, if any, to seek changes to such rates or terms during the Term of this Agreement. Neither Party may claim that this SSA is intended to subject Provider to regulation under the ACC or construe the Provider as a "public service corporation" under Arizona law.

3.2 Price. Recipient shall pay Provider for the Solar Services at the applicable Solar Services Payment Rate as set forth on Exhibit D. While the Solar Services are calculated and billed on the basis of KWh of Energy as set forth in Exhibit D, Recipient acknowledges and agrees that such Solar Services represent a package of services as reflected in the definition of

"Solar Services" in Exhibit C. For the sake of clarity, the price per KWh of Energy payment rate herein referred to as the Solar Services Payment Rate has been calculated to, over the term of this SSA, include all the Solar Services performed by Provider under this SSA and does not represent the actual value of the KWh of Energy Output.

3.3 Test Energy. Prior to the Commercial Operation Date, Recipient shall have the right, upon request, to have its representatives present during the testing process. Such representatives shall be subject to the reasonable written rules and procedures as may be established by Provider. Recipient shall pay Provider during the testing phase at a rate equal to the Solar Services Payment Rate that would otherwise be applicable on the Commercial Operation Date.

3.4 Title and Risk of Loss. Title to and risk of loss of the Energy Output will pass from Provider to Recipient at the Delivery Point and Recipient will be deemed to be in exclusive control of the Energy at and from the Delivery Point. Risk of loss related to Energy will transfer from Provider to Recipient at the Delivery Point.

3.5 Governmental Charges.

(a) Recipient shall be responsible for and pay all Governmental Charges imposed directly on it or imposed directly on Provider in connection with or relating to the delivery and sale of Solar Services by Provider to Recipient, whether imposed before, upon or after the delivery of Energy Output to Recipient at the Delivery Point.

(b) Both Parties shall use reasonable efforts to administer this SSA and implement its provisions so as to minimize Governmental Charges. Provider may invoice Recipient for the Governmental Charges described in Section 3.5(a).

(c) In the event any of the sales of Energy or Environmental Attributes hereunder are to be exempted from or not subject to one or more Governmental Charges, promptly upon Provider's request therefore, Recipient shall provide Provider with all necessary documentation to evidence such exemption or exclusion.

3.6 Outages.

(a) Recipient shall be permitted one (1) offline period (each an "Authorized Offline Period") each calendar year (e.g., January to December) during which period Recipient shall not be obligated to accept or pay for Solar Services; provided, however, that Recipient shall provide Provider not less than ten (10) Business Days prior Notice of any such Authorized Offline Period and shall use commercially reasonable efforts to schedule and coordinate such Authorized Offline Period(s) with Provider so as to minimize the loss of Energy Output. An Authorized Offline Period shall not exceed twenty four (24) hours. If, for reasons other than a Force Majeure or an Authorized Offline Period, Recipient causes, directly or indirectly, the temporary suspension or shutdown of the System or the cessation or reduction in the Energy that Provider would have otherwise delivered to the Delivery Point (an "Unauthorized Shutdown") then Recipient shall pay "in lieu" fees to Provider ("Temporary Shutdown Fees") equal to the product of (x) the difference between the Expected Monthly Output (reduced on a pro rata hourly basis for the number of hours in any Authorized Offline Period) for the month in which such

Unauthorized Shutdown occurred and its actual Energy Output and (y) the applicable Solar Services Payment Rate. The calculation of any Temporary Shutdown Fees shall also include the value of any lost payments or forced refunds associated with the Environmental Attributes, including those related to the CPP or the Program, caused by or attributable to the Unauthorized Shutdown. The Temporary Shutdown Fees shall be made to Provider to offset foregone consideration under this SSA and shall not allow Recipient to reduce future payments under this SSA or entitle Recipient to future Energy Output at a later date. Provider shall provide and justify data that reasonably demonstrates the approximate loss of Energy Output that occurred due to the Unauthorized Shutdown. In the event that Recipient reasonably determines that additional information is necessary to support Provider's calculations, Recipient may submit a Notice to Provider, within thirty (30) days of receipt of Provider's calculations, that specifies what information it believes necessary to confirm the accuracy of such calculations. If Recipient does not deliver such Notice for additional information within such thirty-day period, then Recipient shall be deemed to agree to Provider's calculations, including any Temporary Shutdown Fees associated with the same. If Recipient delivers a Notice to Provider for additional information, then the Parties shall work in good-faith to timely agree to the calculations and the Temporary Shutdown Fees associated with the same. If the Parties cannot come to an agreement on such amounts within thirty (30) days of the delivery of Recipient's notice, then the matter shall be submitted to arbitration pursuant to Article 15.

(b) Notwithstanding anything to the contrary herein, Provider shall be entitled to suspend delivery of Energy to the Premises for the purpose of maintaining and repairing any System and such suspension of service by Provider or APS shall not constitute a breach of this SSA or an Unauthorized Shutdown, provided that Provider shall use commercially reasonable efforts to minimize any interruption in service to the Recipient.

3.7 Guaranteed Energy Savings Contract. The parties hereto agree that at all times they will act in accordance with the provisions of A.R.S. §15-213.01. The Provider and Recipient hereby stipulate that the total amount Recipient will pay Provider for Provider's Solar Services provided herein on a per kWh basis will be less than the total amount Recipient would otherwise have had to pay without this agreement to Recipient's Electric Utility Provider for the Premises, calculated on a per kWh basis over the expected life of the system or 25 years, whichever is shorter, after the Commercial Operation Date. Provider and Recipient hereby agree that when calculating the cost savings under this Agreement, the energy baseline shall be adjusted pursuant to A.R.S. § 15-213.01(F)(1) and shall be increased on an annual basis by an amount not less than the Solar Services Price Escalator. The calculation of savings performed pursuant to the provisions of this section ensure compliance with A.R.S. § 15-213.01(J).

#### ARTICLE IV ENVIRONMENTAL ATTRIBUTES

4.1 Title to Environmental Attributes. Notwithstanding the purchase and sale of Solar Services pursuant to Section 3.1, Provider owns all right, title, and interest in and to any and all Environmental Attributes that relate to the Energy Output during the Term; provided, however, it is understood by the parties that APS requires Recipient to enter into the REC Purchase Agreement and the Parties agree that for the purpose of facilitating payment of the CPP to Provider for the Environmental Attributes (during the term of the REC Purchase Agreement) that

Recipient was hereby expressly authorized by Provider to assign and transfer all applicable Environmental Attributes generated by the System to APS consistent with the REC Purchase Agreement. In addition, the Recipient has, prior to or on the date hereof, entered into the REC Purchase Agreement under which Recipient has conveyed title and ownership to the Environmental Attributes to APS for the term of such REC Purchase Agreement in consideration for the CPP and that by the terms and conditions of the REC Purchase Agreement Provider shall receive directly any CPP payments paid by APS under in the REC Purchase Agreement. In the event that Recipient receives any CPP from APS, Recipient agrees that it shall distribute such CPP to Provider along with proper Notice thereof and in no event shall it take longer than seven (7) Business Days to do so. If the REC Purchase Agreement terminates prior to the termination of this SSA then Provider shall, at its sole discretion, have all rights, title and interest to sell or transfer the Environmental Attributes relating to the System or the Energy Output and to enter into any agreement to so consummate.

#### ARTICLE V CONSTRUCTION AND INSTALLATION OF THE SYSTEM

5.1 Installation. Subject to Section 5.2, Provider will cause the System to be designed, engineered, installed and constructed substantially in accordance with the terms of this Agreement, the Lease, the EPC and Applicable Law. Recipient shall be given the opportunity to review and approve all construction plans, such review and approval not to be unreasonably withheld or delayed. If Recipient fails to approve or reject such construction plans within ten (10) Business Days of receipt, such plans shall be deemed to be approved by Recipient. Provider shall procure all materials and equipment for the installation of the System and maintain the same at the Premises. Subject to the terms of the Lease and to the extent commercially practical, Provider shall perform the installation of the System in a manner that minimizes inconvenience to and interference with Recipient. Notwithstanding the foregoing, in the event that Provider determines in its sole discretion that it is unable to install or interconnect the System at the Premises as contemplated hereunder or under the Lease, it shall be under no obligation to do so, and this Agreement shall terminate and be of no further force and effect upon Notice from Provider to Recipient to that effect.

5.2 Utility Approvals. Recipient shall be responsible for and bear all costs associated with applying for and obtaining all permits, licenses and approvals required for the installation, operation, and maintenance of the System. Notwithstanding the foregoing, Provider agrees to assist Recipient in obtaining all necessary permits, licenses and approvals in connection with the installation, operation and maintenance of the System, including but not limited to the preparation of applications for interconnection of the System with APS and applications for the resale of excess power to the APS. Recipient shall not make any material changes to its electrical equipment at the Premises after the date on which the interconnection application is submitted unless any such changes, individually or in the aggregate, would not adversely affect the approval by APS of such interconnection. Should APS or its representatives or agents, or any of state or local inspector fail to approve the interconnection of the System with respect to the Premises or require equipment in addition to the equipment set forth in Exhibit B in connection with the Premises, Provider may terminate this Agreement immediately subsequent to notification from the APS. The Parties shall not be obligated to proceed with the installation or operation of the System if the APS or other regulatory approvals are conditioned upon



material upgrades to the existing electrical infrastructure and neither Party elects to provide for such upgrades.

5.3 Energy Delivery. Provider may commence delivering Energy upon the Commercial Operation Date, provided that Recipient is under no obligation to accept Energy delivered to the Premises unless and until the following have occurred:

(a) Provider shall have obtained, and provided Recipient satisfactory evidence with respect to, insurance coverage for the System consistent with the terms and conditions hereof; and

(b) Provider shall have provided Notice to Recipient that the Commercial Operate Date has occurred.

5.4 Recipient Cooperation and Responsibilities. Recipient will cooperate with Provider and any third parties with whom Provider contracts by providing access to the Premises during working hours without unreasonable restrictions. The Parties shall cooperate in obtaining and maintaining all permits and licenses required for Commercial Operations as further described in Section 5.2.

## ARTICLE VI OWNERSHIP; MAINTENANCE OF SYSTEM

6.1 Ownership of System by Provider. Provider shall own the System, and shall be entitled to own, claim and retain any and all Tax Benefits and REC Financial Incentives. Recipient acknowledges that Provider or its assignee will be seeking to obtain the receipt of Tax Benefits and REC Financial Incentives, and Recipient agrees to cooperate with Provider in any manner requested by Provider with respect to pursuing such items. Recipient expressly disclaims any rights, interest or title to federal, state or local tax, grants or subsidies associated with the System or any other right, title and interests associated with ownership of the System, other than the rights granted hereunder to enter into, and convey Environmental Attributes to APS pursuant to the REC Purchase Agreement.

6.2 Lease of Premises. Pursuant to the terms and conditions of the Lease being entered into concurrently herewith, the Parties acknowledge and agree that Provider is leasing the Premises upon which the System is located and such Lease is necessary for the performance of the Solar Services. The Parties expressly agree that the Lease and the SSA are coterminous and a termination of the Lease shall terminate this SSA.

6.3 Maintenance and Operation of System by Provider.

(a) Provider shall maintain the System in good condition and repair in accordance with applicable contractor, subcontractor and vendor warranties and guarantees and manufacturer's instructions and specifications, all Applicable Laws and applicable standards, and the applicable requirements of the insurance policies maintained by Recipient (copies of which to be provided to Provider) with respect to the System, and the terms of this SSA.

(b) Provider and its agents, consultants, and representatives shall have access at all reasonable times (including under emergency conditions) to the Premises and the System, all System operations, and any documents, materials and records and accounts relating thereto for purposes of inspection and maintenance of the System. During any inspection or maintenance of the System, Provider, and its agents, consultants and representatives shall comply with Recipient's reasonable safety and security procedures, and Provider and its agents, consultants and representatives shall conduct all operation, inspection and maintenance (including repair and replacement activities) in such a manner as to cause minimum interference with Recipient's activities and the activities of Recipient's tenants.

## ARTICLE VII METERING DEVICE AND METERING

7.1 Metering Equipment. Provider shall provide, install, own, operate and maintain a Metering Device for the System.

7.2 Measurements. Readings of the Metering Device shall be conclusive as to the amount of Energy Output; provided that if the Metering Device is out of service, is discovered to be inaccurate pursuant to Section 7.3, or otherwise registers inaccurately, measurement of the Energy Output shall be determined in the following sequence: (a) by estimating by reference to quantities measured during periods of similar conditions when the Metering Device was registering accurately; or (b) if no reliable information exists as to the period of time during which such Metering Device was registering inaccurately, it shall be assumed for correction purposes hereunder that the period of such inaccuracy was equal to one-half of the period from the date of the last previous test of such Metering Device through the date of the adjustments, provided, however, that the period covered by the correction under this Section 7.3 shall not exceed six (6) months.

### 7.3 Testing and Correction Recipient's Right to Conduct Tests.

(a) Provider shall cause the Metering Device to be tested annually, commencing as of the first anniversary of the Commercial Operation Date. Recipient and its consultants and representatives shall have the right to witness any Metering Device test to verify the accuracy of the measurements and recordings of the Metering Device. Provider shall provide at least twenty (20) calendar days' Notice to Recipient of the date upon which any such test is to occur. Provider shall prepare a written report setting forth the results of each such test, and shall, at the request of Recipient, provide Recipient with copies of such written report not later than thirty (30) calendar days after completion of such test. Provider shall bear the cost of the annual testing of the Metering Device and the preparation of the Metering Device test reports.

(b) Standard of Metering Device Accuracy; Resolution of Disputes as to Accuracy. The following steps shall be taken to resolve any disputes regarding the accuracy of the Metering Device:

(i) If either Party disputes the accuracy or condition of the Metering Device, such Party shall provide the other Party Notice.

(ii) Provider shall, within fifteen (15) calendar days after receiving such Notice from Recipient or issuing such Notice to Recipient, advise Recipient in writing as to Provider's position concerning the accuracy of such Metering Device and Provider's reasons for taking such position.

(iii) If the Parties are unable to resolve the dispute through reasonable negotiations, then either Party may request a test of the Metering Device.

(iv) If the Metering Device is found to be inaccurate by not more than two percent (2%), any previous recordings of the Metering Device shall be deemed accurate, and the Party disputing the accuracy or condition of the Metering Device under Section 7.3(b)(i) shall bear the cost of inspection and testing of the Metering Device.

(v) If the Metering Device is found to be inaccurate by more than two percent (2%) or if such Metering Device is for any reason out of service or fails to register, then (a) Provider shall bear the cost of inspection and testing of the Metering Device and shall promptly cause any Metering Device found to be inaccurate to be adjusted to correct, to the extent practicable, such inaccuracy, and (b) the Parties shall estimate the correct amounts of Energy delivered during the periods affected by such inaccuracy, service outage or failure to register as provided in Section 7.2. If as a result of such adjustment the Energy Output for any period is reduced (the amount of such reduction being, the "Energy Deficiency Quantity") then Provider shall provide Recipient a credit on its next monthly invoice, for the amount paid by Recipient in consideration for such Energy Deficiency Quantity; provided further that if the amount paid by Recipient in consideration for the Energy Deficiency Quantity exceeds the amount otherwise payable by Recipient with respect to such invoice, such excess shall be carried forward and applied as a credit against the amount otherwise payable by Recipient with respect to the next succeeding invoice. If as a result of such adjustment the Energy Output for any period is increased (such increase being the "Energy Surplus Quantity"), Provider shall invoice Recipient for the Energy Surplus Quantity at the Solar Services Payment Rate applicable to each of the month(s) in which such Energy Surplus Quantity was delivered on its next monthly invoice and Recipient shall pay such amount as set forth in Article 10.

#### ARTICLE VIII

##### LOSS, DAMAGE OR DESTRUCTION OF SYSTEM; INSURANCE; FORCE MAJEURE

8.1 System Loss. Subject to Section 12.1 and Section 12.5 of this Agreement, Provider shall bear the risk of any System Loss.

(a) In the event of any System Loss that, in the reasonable judgment of Provider, results in less than total damage, destruction or loss of the System, this SSA will remain in full force and effect and Provider shall have option, at Provider's absolute and sole discretion and sole cost and expense, to repair or replace the System as quickly as practicable. Provider shall be entitled to all proceeds of insurance with respect to the System.

(b) In the event of any System Loss that, in the reasonable judgment of Provider, results in total damage, destruction or loss of the System, Provider shall, within twenty (20) Business Days following the occurrence of such System Loss, notify Recipient whether

Provider is willing, notwithstanding such System Loss, to repair or replace the System. In the event that Provider notifies Recipient that Provider is not willing to repair or replace the System, this SSA will terminate automatically effective upon the delivery of such Notice, and Provider shall be entitled to all proceeds of insurance with respect to the System.

## 8.2 Insurance.

(a) Provider shall maintain without interruption insurance policies of the types and in the amounts and for the duration set forth in Exhibit F hereto.

(b) Recipient shall maintain without interruption insurance policies of the types and in the amounts and for the duration set forth in Exhibit G hereto.

(c) Each Party shall furnish the other Party certification of insurance reasonably acceptable to such other Party prior to the date on which such insurance is required pursuant to Exhibit F or Exhibit G, as applicable. Such certification shall certify that unless otherwise permitted under this SSA or the Lease, coverages obtained under such policies will not be cancelled or allowed to expire by the applicable Party furnishing the certification without prior thirty (30) days Notice to the other Party, except that there shall be ten (10) days Notice provided in the event that such policies are canceled due to non-payment of premiums.

(d) The provisions of this SSA shall not be construed so as to relieve any insurer of its obligation to pay any insurance proceeds in accordance with the terms and conditions of valid and collectible insurance policies. The respective liability of each Party as agreed to pursuant to the terms and conditions of this SSA shall not be limited by the amount of insurance coverage required to be obtained by each Party.

8.3 Performance Excused by Force Majeure. To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this SSA and such Party (the "Claiming Party") gives Notice to the other Party as soon as practicable (and in any event within five (5) Business Days after the Force Majeure first prevents performance by the Claiming Party), such Notice to include the details of the Force Majeure and the steps the Claiming Party is taking to mitigate the effects thereof, then the Claiming Party will be excused from the performance of its obligations under this SSA (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure, and except as otherwise provided in Section 8.1). The Claiming Party will use commercially reasonable efforts to mitigate, eliminate or avoid the effects of the Force Majeure and resume performing its obligations; provided, however, that neither Party shall be required to settle any strikes, lockouts or similar disputes except on terms acceptable to such Party, in its sole discretion. Except as otherwise provided in Section 8.1, the non-Claiming Party will not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

8.4 Recipient's Covenants. As a material inducement to Provider's execution of this SSA, Recipient covenants and agrees as follows:

(a) Health and Safety. Recipient shall at all times maintain the areas of the Premises consistent with all Applicable Laws pertaining to the health and safety of persons and property.

(b) Security. Recipient shall provide and take reasonable measures for security of the System, including commercially reasonable monitoring of the Premises alarms, if any.

(c) Damages. Recipient shall promptly notify Provider of any matters it is aware of pertaining to any damage to or loss of the use of any System or that could reasonably be expected to adversely affect the System. Recipient shall use commercially reasonable efforts to eliminate or control pests that could cause damage to or could reasonably be expected to adversely affect the System. As used in the foregoing sentence, "Pests" shall include, but not be limited to, birds, animals, rodents, vermin and insects.

(d) Liens. Recipient shall not directly or indirectly cause, create, incur, assume or suffer to exist any mortgage, pledge, lien (including mechanics', labor or materialman's lien), charge, security interest, encumbrance or claim of any nature ("Liens") on or with respect to the System or any interest therein. Recipient also shall pay promptly before a fine or penalty may attach to any System any taxes, charges or fees of whatever type of any relevant Governmental Authority for which Recipient is responsible. If Recipient breaches its covenant under this Section, it shall immediately notify Provider in writing, shall promptly cause such Lien to be discharged and released of record without cost to Provider, and shall indemnify Provider against all costs and expenses (including reasonable attorneys' fees and court costs at trial and on appeal) incurred in discharging and releasing such Lien.

(e) Consents and Approvals. Recipient shall obtain and maintain, and secure and deliver to Provider copies of, all consents, approvals, permits, licenses, and authorizations relating to the performance of Recipient's obligations and the rights granted by Recipient hereunder, and that are required by the terms, conditions or provisions of any restriction or any agreement or instrument to which Recipient is a party or by which Recipient is bound, including completing applications for interconnection with APS.

(f) Maintenance of Interconnection. Recipient shall ensure that the Premises and the System shall remain interconnected to the electrical grid during the entire Term, except as specifically permitted under this Agreement. Recipient and its agents or representatives shall not interfere with the operation of the System, other than in circumstances where the continued operation of the System would pose an imminent threat of bodily injury or property damage.

(g) Recipient Maintenance Removal. If for any reason Recipient determines that all or a portion of the System must be removed from the roof for maintenance of the roof or any appurtenances thereto at any time during the term of this Agreement then such removal of the system ("Recipient Maintenance Removal") will be governed by the provisions of Section 3.6 of this Agreement unless modified in this Section. Recipient shall provide Provider not less than ten (10) Business Days prior Notice of any Recipient Maintenance Removal and shall use commercially reasonable efforts to schedule and coordinate any Recipient Maintenance Removal with Provider so as to minimize the loss of Energy Output. Recipient shall not engage party other than Provider to perform any Recipient Maintenance Removal without the express written consent of Provider. All of the costs of any Recipient Maintenance Removal and re-installation are the sole responsibility of the Recipient.

(h) Insolation. Reference is made to Section 6(f) of the Lease.

(i) Recipient Records. Recipient shall keep complete and accurate records of its operations or obligations hereunder. Provider shall have the right to examine all such records insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of any statements of costs, expense or other obligations relating to transactions hereunder.

#### ARTICLE IX EVENTS OF DEFAULT; REMEDIES

9.1 Events of Default. An "Event of Default" means, with respect to a Party (a "Defaulting Party"), the occurrence of any of the following:

(a) the failure to make, when due, any payment required under this SSA if such failure is not remedied within five (5) Business Days;

(b) the failure to perform any material covenant or obligation set forth in this SSA (except to the extent constituting a separate Event of Default), if such failure is not remedied within sixty (60) days after receipt of Notice; provided, however, that if such material covenant or obligation may be cured, but not within such sixty (60) day period, and the Defaulting Party has commenced curing such default and is at all times diligently pursuing the cure thereof, such further period as may be necessary to effect such cure shall be provided for hereunder;

(c) such Party becomes Bankrupt;

(d) such Party fails to provide or maintain in full force and effect any required insurance coverage, if such failure is not remedied within fifteen (15) Business Days after receipt of Notice from the Non-Defaulting Party to the Defaulting Party; provided however that if Defaulting Party can provide evidence that all substantial actions within the Provider's direct control have taken place to remedy such lapse in coverage within the ten (10) Business Day cure period then an Event of Default under this provision shall not have occurred until thirty (30) Business Days have transpired since the receipt of Notice without the requisite coverage being implemented; or

(e) any Event of Default under, or termination of, the Lease.

9.2 Remedies for Event of Default. If an Event of Default has occurred (and has not been cured if provided for under Section 9.1), the non-defaulting Party (the "Non-Defaulting Party") will, without limiting any other rights or remedies available to the Non-Defaulting Party under this SSA or Applicable Law, have the right:

(a) by Notice to the Defaulting Party, to designate a date of early termination of this SSA ("Early Termination Date"), with such Early Termination Date to occur not earlier than five (5) Business Days from the date of such Notice, other than in the case of an Event of Default under Section 9.1(c), in which case the termination may be immediate.

(b) to withhold any payments due to the Defaulting Party with respect to obligations performed from and after the date that an Event of Default has occurred; and

(c) to suspend any of its performance or obligations under this SSA (other than payments due to Defaulting Party for obligations performed prior to the date of an Event of Default).

In the event that the Non-Defaulting Party designates an Early Termination Date pursuant to Section 9.2(a) above, this SSA will terminate as of the Early Termination Date. The Parties hereby agree that except for a termination of the Lease which will automatically terminate this SSA, an Event of Default will not automatically terminate this SSA absent a Non-Defaulting Party Notice of such Party's intention to set an Early Termination Date.

9.3 Recipient Rights Upon Termination for Default. In the event that Recipient is the Non-Defaulting Party, and Recipient elects to terminate this SSA as provided in Section 9.2, Recipient will be entitled, in its sole and absolute discretion, either to:

(a) require that Provider remove the System (or to remove the System if Provider fails to remove the System within thirty (30) Business Days after the Early Termination Date, in which case the Recipient must use commercially reasonable efforts to store the System with due care and Provider is obligated to reimburse Recipient for all reasonable costs and expenses related to removing and/or storing the System), or

(b) exercise the Purchase Option provided in Section 13.1.

9.4 Provider Rights Upon Termination for Default. In the event that Provider is the Non-Defaulting Party, and that Provider elects to terminate this SSA as provided in Section 9.2, Provider will be entitled to, in its sole and absolute discretion, either to:

(a) demand payment from the Recipient of the applicable Termination Payment for the System, as reflected in Exhibit E, with such payment to be made immediately by Recipient upon demand by Provider in readily available funds (upon payment of which Provider will transfer all of its right, title and interest in the System Assets to Recipient, free and clear of all liens); or

(b) remove the System from the Premises, and demand payment from Recipient of (i) the costs to remove the System from the Premises and install the System at one or more new locations, (ii) the product of the Expected Monthly Output for a period of nine (9) months and the applicable Solar Services Payment Rate, (3) the amount of any refund of the CPP due to APS under the terms of the Program and (4) all other amounts otherwise due and payable to Provider hereunder as of the Early Termination Date. Termination of this SSA, removal of the System and payment of the amounts due pursuant to this Section 9.4(b) shall take place within forty-five (45) Business Days after Provider's Notice to Recipient of its election to exercise its option to remove the System.

9.5 Remedies Cumulative. The rights and remedies contained in this Article 9 are cumulative with the other rights and remedies available under this SSA or at law or in equity and an election of remedy provided in either Section 9.3 or Section 9.4 does not prevent the Non-Defaulting Party from seeking any other damages and remedies at law or in equity.

9.6 Unpaid Obligations. The Non-Defaulting Party shall be under no obligation to prioritize the order with respect to which it exercises anyone or more rights and remedies available under this SSA. Notwithstanding anything to the contrary herein, the Defaulting Party shall in all events remain liable to the Non-Defaulting Party for any amount payable by the Defaulting Party in respect of any of its obligations remaining outstanding after any such exercise of rights or remedies.

## ARTICLE X INVOICING AND PAYMENT

10.1 Invoicing and Payment. Billing shall be conducted consistent with Provider's usual and customary practices, as may change from time to time. All invoices under this SSA will be due and payable not later than thirty (30) days after receipt of the applicable invoice ("Due Date"). All payments hereunder shall be made without setoff or deduction. Recipient will make payment by mutually agreeable methods, to the account designated by Provider. Any amounts not paid by the applicable Due Date will accrue interest at the Interest Rate until paid in full.

10.2 Disputed Amounts. Recipient may in good faith dispute the correctness of any invoice (or any adjustment to any invoice) under this SSA at any time within fifteen (15) days following the delivery of the invoice (or invoice adjustment). In the event that Recipient disputes any invoice or invoice adjustment, Recipient will nonetheless be required to pay the full amount of the applicable invoice or invoice adjustment (except any portions thereof that are manifestly inaccurate or are not reasonably supported by documentation, payment of which amounts may be withheld subject to adjustment as hereinafter set forth) on the applicable payment Due Date, except as expressly provided otherwise elsewhere in this SSA, and to give Notice of the objection to the Provider. If Provider notifies Recipient in writing within fifteen (15) days of receipt of such Notice that Provider disagrees with the allegation of error in the invoice, the Parties shall meet, by telephone conference call or otherwise, within ten (10) days of Provider's response for the purpose of attempting to resolve the dispute. If the Parties are unable to resolve the dispute within thirty (30) days after such initial meeting, such dispute shall be submitted to arbitration as set forth in Article XV. Any required payment after such arbitration will be made within five (5) Business Days after resolution of the applicable dispute, together with interest accrued at the Interest Rate from the due date to the date paid.

10.3 Provider Records and Audits. Provider shall retain all records relating to this Agreement for five (5) years after termination of this Agreement, and all such records shall be subject at all reasonable times to inspection and audit by Recipient for five (5) years after termination of this Agreement.

10.4 Adjustments to Contract Price. In the event there is any change in Applicable Law, the result of which is to materially increase Provider's costs to provide the Solar Services, Provider will promptly submit to Recipient a written notice setting forth (a) a description of the change in Applicable Law, (b) the manner in which such change in Applicable Law has changed or will materially change Provider's costs to provide the Solar Services, including reasonable computations in connection therewith and (c) Provider's proposed adjustment to the Solar Services Payment Rate payable by Recipient to reflect such expected material changes in



Provider's costs. Recipient agrees to pay an adjustment in the Solar Services Payment Rate such that the new rate compensates Provider for the total cost increase (factoring in no additional profit) related to the change in Applicable Law, which adjustment shall remain in effect over the remaining years of the Term of this SSA or until the Applicable Law that caused the increase in costs is altered, repealed, or made inapplicable to the provision of the Solar Services. The Parties further acknowledge that changes may occur in APS' billing procedures or rates, or the application or availability of credits, offsets, reductions, discounts or other benefits other than those directly related to the Energy Output. Except as otherwise conveyed to APS in consideration for the payment of the CPP, any and all credits, reductions, discounts, historical pricing or other type of benefit made available by APS, Governmental Authority or from any other source, whether arising directly or indirectly from the System or the Energy Output belong to Provider and Recipient shall immediately pay over to Provider any such amounts that may have been received by Recipient and in no event shall it take longer than seven (7) Business Days to do so.

10.5 Effect of Termination of Agreement. Upon the termination or expiration of this SSA, any amounts then owing by a Party to the other Party shall become immediately due and payable and the then future obligations of each Party under this SSA shall be terminated (other than the indemnity obligations set forth in Section 13). Such termination shall not relieve either Party from obligations accrued prior to the effective date of termination or expiration.

#### ARTICLE XI

##### REPRESENTATIONS AND WARRANTIES; RECIPIENT ACKNOWLEDGEMENT

11.1 Representations and Warranties. Each Party represents and warrants to the other Party that:

(a) the execution, delivery and performance of this SSA are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in (i) its governing documents, (ii) material contracts to which it is a party or (iii) to such Party's knowledge, any law, rule, regulation, order or the like applicable to it;

(b) subject to all conditions precedent described herein, this SSA and each other document executed and delivered in accordance with this SSA constitutes its legally valid and binding obligation enforceable against it in accordance with its terms (subject to any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies); and

(c) it (i) understands and accepts, the terms, conditions and risks of this SSA, (ii) is not relying upon the advice or recommendations of the other Party in entering into this SSA and agrees that the other Party is not acting as a fiduciary for or an adviser to it or its Affiliates and (iii) has been advised by its own independent legal counsel in connection with the negotiation of this SSA.

11.2 Acknowledgements Regarding Bankruptcy Code. Recipient acknowledges and agrees that, for purposes of this SSA, Provider is not a "utility" as such term is used in Section 366 of the Bankruptcy Code, and Recipient agrees to waive and not to assert the

applicability of the provisions of Section 366 in any bankruptcy proceeding wherein Recipient is a debtor. The Parties acknowledge and agree that the transactions contemplated under this Agreement constitute a "forward contract" within the meaning of the United States Bankruptcy Code, and the Parties further acknowledge and agree that each Party is a "forward contract merchant" within the meaning of the United States Bankruptcy Code.

11.3 Use of Energy. Recipient represents and warrants that none of the electricity to be generated by the System will be used to generate energy for the purpose of heating a swimming pool.

11.4 Budgeting. To the extent permitted by law Recipient agrees to include the payments required to fulfill its obligations under this Agreement in any annual (or other) budget submitted for approval by the appropriate governing body and to take all reasonable and necessary action to assure funds are available at all necessary times to satisfy its obligations hereunder. The parties hereto agree that this Agreement is subject to termination without penalty pursuant to A.R.S. §35-154.

## ARTICLE XII

### INDEMNITY; LIMITATIONS; TAX BENEFITS & REC FINANCIAL INCENTIVES

12.1 Indemnity. To the extent allowable by law, each Party (the "Indemnitor") hereby indemnifies and agrees to defend and hold harmless the other Party (the "Indemnatee") from and against any and all Indemnity Claims, whether or not involving a third-party claim, caused by, resulting from, relating to or arising out of (i) any material breach of this SSA or the Lease by the Indemnitor or any of its directors, officers, employees or agents or (ii) any gross negligence or intentional misconduct on the part of the Indemnitor or any of its directors, officers, employees or agents; provided, however, that the Indemnitor will not have any obligation to indemnify the Indemnatee from or against any Indemnity Claims to the extent caused by, resulting from, relating to or arising out of the negligence or intentional misconduct of the Indemnatee or any of its directors, officers, employees or agents. Notwithstanding the foregoing, Provider's total liability hereunder for indemnity shall in all respects be limited to the amounts paid to it hereunder during the most recent twenty four (24) month period and Recipient's total liability hereunder for indemnity shall in all respects be limited to the maximum Termination Payment payable under this SSA. For the sake of clarity, the Parties indemnification limitations in the foregoing sentence do not in anyway limit (in amount or coverage) each Party's ability to avail itself of the other Party's insurance coverage obtained in connection with this SSA.

12.2 No Consequential Damages. Nothing in this SSA or the Lease is intended to cause either Party to be, and neither Party shall be, liable to the other Party for any lost business, lost profits or revenues from others or other special or consequential damages, all claims for which are hereby irrevocably waived by the Parties. Notwithstanding the foregoing, neither the payments for the provision of Solar Services, nor any Temporary Shutdown Fees or Terminations Payment, nor any payment pursuant to Section 12.15 hereof shall be deemed consequential damages.

12.3 Notice of Claims. Where Recipient seeks indemnification hereunder (the "Indemnified Party") the Recipient shall deliver to the Provider (the "Indemnifying Party") a

Notice describing the facts underlying its indemnification claim and the amount of such claim (each such notice a "Claim Notice"). Such Claim Notice shall be delivered promptly to the Indemnifying Party after the Indemnified Party receives notice that an action at law or a suit in equity has commenced; provided, however, that failure to deliver the Claim Notice as aforesaid shall not relieve the Indemnifying Party of its obligations under this SSA, except to the extent that such Indemnifying Party has been materially prejudiced by such failure. Where Provider seeks indemnification from Recipient hereunder, the provisions of A.R.S. § 12-821.01 apply.

12.4 Indemnity Survival. To the extent that this provision does not conflict with A.R.S. § 12-821.01 or other applicable law, the provisions of this Article XII shall survive the expiration or termination of this SSA for a period of three (3) years from such termination date.

12.5 Tax Benefits. In the event that (i) Recipient has terminated this SSA prior to the end of the Initial Term for any reason other than an Event of Default by Provider, (ii) Recipient fails to act in good faith in completing documentation or taking actions reasonably requested by Provider, and such failure is the primary reason for the loss of Tax Benefits, or (iii) Provider has terminated this SSA prior to the end of the Initial Term as a result of an Event of Default by Recipient, then (A) Recipient shall pay Provider for any loss or recapture (including the imposition of any interest and penalties) of Tax Benefits actually realized or to be realized by Provider or any assignee of Provider including any direct or indirect equity holders of Provider or such assignee resulting from such termination, as determined by Provider's tax advisor (using a standard of more likely than not); and (B) To the extent allowable by law, Recipient shall indemnify, defend, and hold harmless Provider and any assignee (and any direct or indirect equity holders of Provider or any assignee) from any loss or recapture set forth in this Section 12.5 including any penalties and interest as a result of such termination of the SSA. Notwithstanding the foregoing, in the event that Recipient pays the Termination Payment in connection with a termination of this SSA and such portion of the payment that is allocated to the Tax Benefits recapture or loss offsets all applicable recapture or loss of amounts associated with the Tax Benefits then such payment will be deemed to satisfy Recipient's obligations hereunder.

### ARTICLE XIII SYSTEM PURCHASE AND SALE OPTIONS

13.1 Grant of Purchase Option. Recipient may elect to purchase the System Assets (the "Purchase Option") at the end of the tenth (10<sup>th</sup>), and fifteenth (15<sup>th</sup>) contract year and on the expiration of the Initial Term (the "Purchase Option Date"), provided a Event of Default of Recipient shall have not occurred and be continuing (the "Purchase Option"). Recipient shall provide an irrevocable Notice to Provider not less than one-hundred and eighty (180) days prior to the Purchase Option Date to exercise its Purchase Option (a "Purchase Option Notice"). If Recipient elects a Purchase Option, the purchase price shall be the greater of the (i) then Fair Market Value of the System Assets on the Purchase Option Date, or (ii) the then applicable Termination Payment (the "Purchase Option Price"). The "Fair Market Value" of the System Assets shall be the value determined by (i) the mutual agreement of Recipient and Provider within thirty (30) Business Days of the date of the Purchase Option Notice, or (ii) absent such mutual agreement, an Independent Appraiser in accordance with the procedure set forth in this Article.

13.2 Selection of Independent Appraiser. Absent mutual agreement of the Parties within thirty (30) Business Days of the date of the Purchase Option Notice of the Fair Market Value, the Parties shall as soon as reasonably practicable formally convene a meeting to select an Independent Appraiser to determine the Fair Market Value of the System Assets. If Provider and Recipient are unable to agree upon the appointment of an Independent Appraiser within fifteen (15) Business Day of the formal meeting to select such Independent Appraiser, then the Provider shall select the Independent Appraiser from a list prepared by Recipient of four (4) nationally recognized independent appraisers with experience and expertise in the solar photovoltaic industry to value such equipment. Such appraiser shall act reasonably and in good faith to determine the Fair Market Value and shall set forth such determination in a written opinion delivered to the Parties. The valuation made by the appraiser shall be binding on the Parties in the absence of fraud or manifest error.

13.3 Transfer of System Assets. The Independent Appraiser shall, within twenty (20) Business Days of appointment, make a determination of the Fair Market Value of the System Assets and such determination shall be binding on both Parties (the "Final Determination"). Upon the Purchase Option Date, Recipient shall pay Provider the Purchase Option Price (together with all other amounts owed by Recipient under this SSA or the Lease) in the form of certified check, bank draft or wire transfer. Upon receipt by Provider of the Purchase Option Price, title to the System Assets shall transfer to Recipient "as-is, where-is" and free and clear of all liens and Recipient shall assume all liabilities arising from or related to the System Assets from and after the date of transfer of the System Assets.

13.4 Costs and Expenses of Independent Appraiser. Provider and Recipient shall each be responsible for payment of one half of the costs and expenses of the Independent Appraiser and shall also each be responsible for any of their own costs and expenses incurred in connection with the exercise of the Purchase Option.

#### ARTICLE XIV CONFIDENTIALITY

14.1 Confidentiality. Subject to Arizona's public records law, Recipient agrees not to disclose information designated by Provider as Confidential Information to any third party except for Recipient's officers, employees, or legal counsel. Notwithstanding the foregoing, Recipient may disclose Confidential Information to comply with the requirements of any Applicable Law or in connection with any judicial or regulatory proceeding or request by a governmental authority. Recipient shall determine in its sole discretion whether any document or information provided to Recipient by Provider, including information designated by Provider as Confidential Information, constitutes a public record or other matter that must be disclosed under Arizona's public records law.

#### ARTICLE XV MARKETING AND PROMOTION

15.1 Marketing and Promotion. Notwithstanding the foregoing, Provider shall have the right to promote the installation, operation, existence and usage of the system (and its and Recipient's involvement therein) through any means, including press releases, case studies,

published material, Internet websites and sales literature, subject to the provisions set forth in the Section 15 and the criteria of the Program, provided, however that any marketing materials regarding the System shall be subject to recipient's prior written consent, such consent not to be unreasonably withheld or delayed.

#### ARTICLE XVI NOTICES

16.1 Notices. Any notices, requests, statements or payments ("Notices") will be made to the addresses and persons specified below. All Notices will be made in writing except where this SSA expressly provides that notice may be made orally. Notices required to be in writing may be delivered by hand delivery, overnight delivery, facsimile, or e-mail (so long as a copy of such e-mail notice is provided immediately thereafter in accordance with the requirements of this section by hand delivery, overnight delivery, or facsimile). Notice by facsimile will (where confirmation of successful transmission is received) be deemed to have been received on the day on which it was transmitted (unless transmitted after 5:00 p.m. at the place of receipt or on a day that is not a Business Day, in which case it will be deemed received on the next Business Day). Notice by hand delivery or overnight delivery will be deemed to have been received when delivered. Notice by e-mail will be deemed to have been received when such e-mail is transmitted, so long as a copy of such e-mail notice is delivered immediately thereafter by hand delivery, overnight delivery, or facsimile. When Notice is permitted to be provided orally, notice by telephone will be permitted and will be deemed to have been received at the time the call is received. A Party may change its address by providing notice of the same in accordance with the provisions of this section.

If to Recipient:

Paradise Valley Unified School District  
Attn: Ken Carter  
15002 N. 32<sup>nd</sup> St.  
Phoenix, AZ  
Phone: 602-4492071

If to Provider:

SOLON PV1 LLC  
Attn: Brian Slayne  
6950 S Country Club Rd  
Tucson, AZ 85756  
Phone: (520) 807-1300  
Facsimile: (520) 807-4046

ARTICLE XVII  
ASSIGNMENT; BINDING EFFECT

17.1 Assignment; Binding Effect. Recipient shall not assign this SSA or the Lease without the prior written consent of Provider and any such attempted assignment shall be *void ab initio*. Provider shall be permitted to assign this SSA and the related Lease upon not less than five (5) Business Days prior Notice thereof to Recipient. Any permitted assignee must assume and agree to be bound by all of the obligations, liabilities and duties of the assigning Party under this SSA and the related Lease.

17.2 Cooperation with Financing. Recipient acknowledges that Provider will be financing the acquisition, installation and/or operation of the System through a lessor, lender, investors or with financing accommodations (including a sale/leaseback or third party investment or purchase) from one or more financial or banking institutions ("Financiers") and that the Provider may lease, sell or assign the System and their rights under this SSA and the Lease and/or may secure the Licensee's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the System. Notwithstanding any instructions to the contrary from Provider, Recipient will recognize Financiers, or any third party to whom Financiers has reassigned their rights to and any Financier (or its assignee) is fully entitled to receive the rights and benefits hereunder and under the Lease so long as such party performs the obligations of Provider hereunder. Recipient agrees that it shall cooperate with Provider and Financiers in connection with such financing of the System, including (a) the furnishing of such information, (b) the giving of such certificates, and (c) providing such opinions of counsel and other matters as Provider and its financing parties may reasonably request. In addition, at Provider's request, Recipient shall amend this SSA or the Lease to include any provision that may reasonably be requested by an existing or proposed Financier, and shall execute such additional documents as may reasonably be required to evidence such Financier's rights hereunder; provided, however, that such amendment is not contrary to any applicable law and shall not materially impair the rights or materially increase the burdens or obligations of Recipient under this SSA or the Lease, or extend the term of this SSA beyond the Initial Term. In addition, reference is made to Section 14 of the Lease which sets forth other provisions benefiting Financiers.

17.3 Assignment of Warranties or Supply Contracts. In the event Recipient exercises the Purchase Option pursuant to Article 13, to the extent transferable under the applicable warranty, Provider will transfer the remaining period, if any, on all warranties for the System (and any component parts thereof) to Recipient at Recipient's sole expense. In addition, Provider shall also assign any equipment, maintenance, operations or supply contracts pertaining to the System Assets or the System operation.

ARTICLE XVIII  
MISCELLANEOUS

18.1 Governing Law/Venue. This SSA and the Lease will be governed by the laws of the State of Arizona without giving effect to principles of conflicts of laws. Venue for any litigation arising from this Agreement or the Lease shall only be proper in a competent court located in Phoenix, Arizona.

18.2 Entire Agreement; Amendments. This SSA, the Lease and the Lease (including the exhibits, any written schedules, supplements or amendments thereto) constitute the entire understanding between the Parties, and shall supersede any prior oral or written agreements between the Parties, relating to the subject matter hereof. Any amendment, modification or change to this SSA will be void unless in writing and signed by both Parties.

18.3 Non-Waiver. No failure or delay by either Party in exercising any right, power, privilege, or remedy hereunder will operate as a waiver thereof. Any waiver must be in a writing signed by the Party making such waiver.

18.4 Severability. If any part, term, or provision of this SSA is determined by an arbitrator or court of competent jurisdiction to be invalid, illegal, or unenforceable, such determination shall not affect or impair the validity, legality, or enforceability of any other part, term, or provision of this SSA, and shall not render this SSA unenforceable or invalid as a whole. Rather the part of this SSA that is found invalid or unenforceable will be amended, changed, or interpreted to achieve as nearly as possible the same objectives and economic effect as the original provision, or replaced to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision, within the limits of Applicable Law or applicable court decisions, and the remainder of this SSA will remain in full force.

18.5 No Third Party Beneficiaries. Nothing in this SSA will provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy or right of any kind.

18.6 No Recourse to Affiliates. This SSA is solely and exclusively between the Parties, and any obligations created herein on the part of either Party shall be the obligations solely of such Party. No Party shall have recourse to any parent, subsidiary, partner, member, Affiliate, lender, director, officer or employee of the other Party for performance or non-performance of any obligation hereunder, unless such obligations were assumed in writing by the Person against whom recourse is sought.

18.7 Relationships of Parties. This SSA shall not be interpreted to create an association, joint venture, or partnership between the Parties nor to impose any partnership obligation or liability upon either Party.

18.8 Counterparts. This SSA may be executed in several counterparts, each of which is an original and all of which together constitute one and the same instrument. A signature on a copy of this SSA received by either Party by facsimile is binding upon the other Party as an original. Both Parties agree that a photocopy of such facsimile may also be treated by the Parties as a duplicate original.

18.9 Further Assurances. The Parties shall do such further acts, perform such further actions, execute and deliver such further or additional documents and instruments as may be reasonably required or appropriate to consummate, evidence, or confirm the agreements and understandings contained herein and to carry out the intent and purposes of this SSA.

18.10 Service Contract. It is the intention of the Parties that the provisions in this SSA and the Transactions, taken as a whole, shall meet all of the requirements set forth in Section 7701(e)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), and any

related Treasury Regulations and IRS administrative pronouncements, so that the SSA and the Transactions, taken as a whole, are deemed to be treated as a "service contract" and not as a "lease" pursuant to Code Section 7701(e). In the event that the provision of this SSA fail to comply with the requirements set forth in Code Section 7701(e)(4), then any such provision shall be of no force or effect and shall be subject to modification by Provider, in its sole discretion, to comply with Code Section 7701(e)(4); provided, however, that no such modifications shall serve to increase the Solar Services Payment Rate or any other amount payable by Recipient hereunder or under the Lease or otherwise increase in any material respect Recipient's other obligations under the Transactions.

18.11 Construction of Agreement. This Agreement and any ambiguities or uncertainties contained herein shall be equally and fairly interpreted for the benefit of and against the Parties and shall further be construed and interpreted without reference to the identity of the party or parties preparing this document, it being expressly understood and agreed that the parties hereto participated equally in the negotiation and preparation of this Agreement or have had equal opportunity to do so. Accordingly, the parties hereby waive the legal presumption that the language of the contract should be interpreted most strongly against the party who caused the uncertainty to exist. The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

18.12 Exhibits and Schedules. Any and all exhibits and schedules referenced herein and/or attached hereto are hereby incorporated into this Agreement by reference.

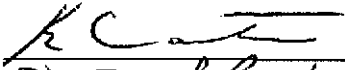
18.13 Termination. This agreement is subject to termination for conflict of interest pursuant to A.R.S. § 38-511.



IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

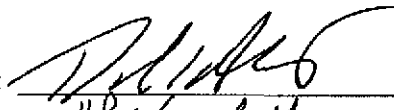
RECIPIENT

Paradise Valley Unified School District No. 69  
A political subdivision of the State of Arizona

By:   
Its: Director of Purchasing

PROVIDER

SOLON PV1, LLC  
An Arizona limited liability company

By:   
Its: VP & Board Manager

## EXHIBIT A

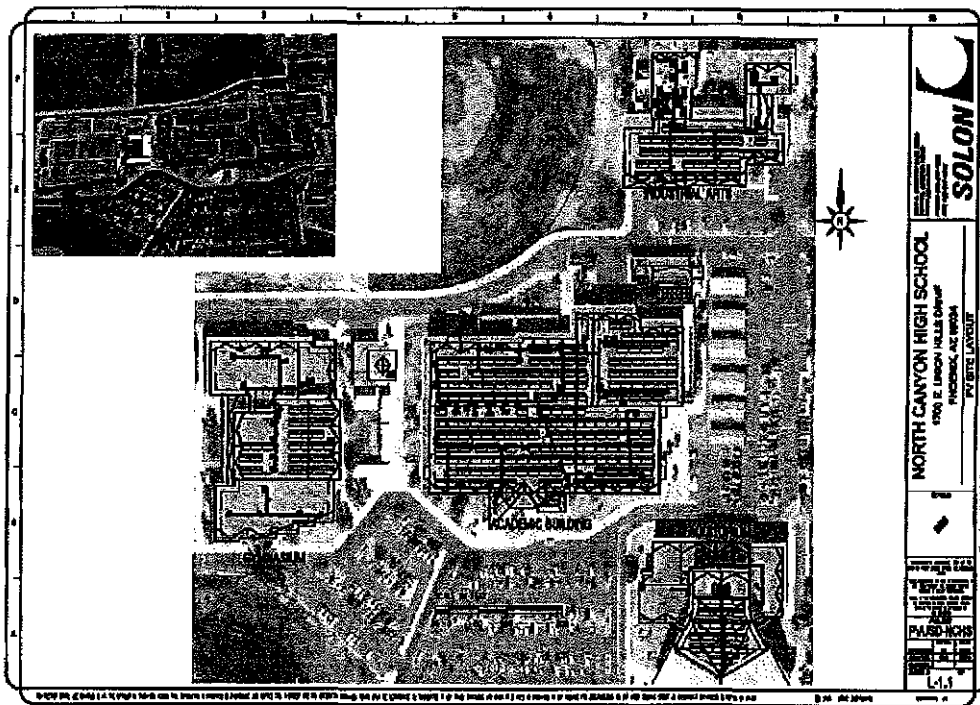
### DESCRIPTION OF PREMISES

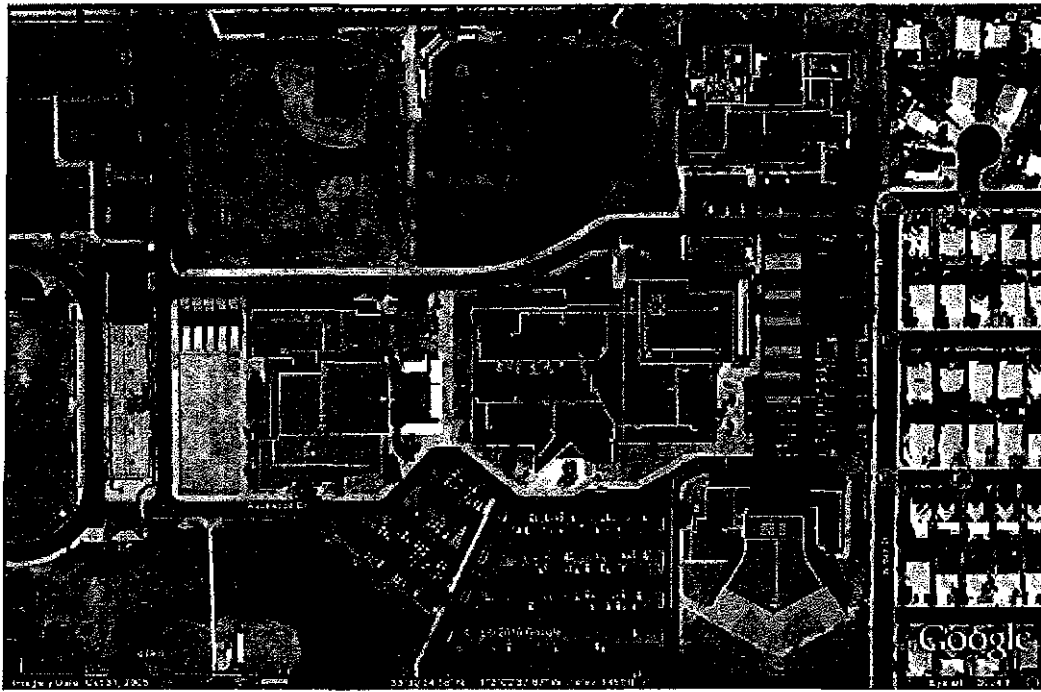
#### North Canyon High School System

North Canyon High School property and facilities are located at 1700 E. Union Hills Drive, Phoenix, AZ 85024. The high school is located within the City of Phoenix. Arizona Public Services currently supplies power to the school.

The proposed solar layout can be seen in the attached layout drawing L-1.1.

The PV modules will be distributed across the following four buildings, Industrial Arts, Gymnasium, Academic Building, and Auditorium. The distribution of modules on buildings will aid in the interconnection of the solar system to the power grid.





**North Canyon High School**

## EXHIBIT B

### DETAILED DESCRIPTION OF THE SYSTEM

#### North Canyon High School System

PV modules will be mounted on a roof-mounted ballast system tilted at 15 degrees facing due south. The specific distribution of modules, ballast systems, placement and angle will be determined dependent upon roof spacing limitations and interconnection points.

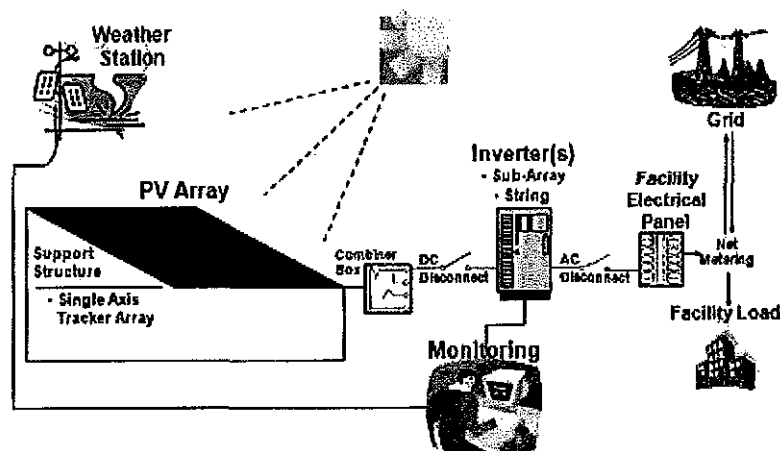
The System installed at the Premises may vary from the System described herein to the extent that during design, engineering and installation the Provider, in its sole and reasonable judgment, determines that reasonable variations are needed or desired to the System.

The System has a nameplate STC rating of 939.6 kWdc and a projected average annual capacity of approximately 798.66 kWac. The System's average annual AC capacity is based on the nameplate rating as adjusted for various factors including wiring, inverter, transformer and other system losses, and expected atmospheric conditions. The System's actual capacity will be weather dependent and highly impacted by ambient temperatures – higher temperatures resulting in lower module efficiency and hence lower system capacity.

The System is projected to generate approximately 1,616,279 kWh in its first full year of operation (See Projected System Output below for methodology).

#### System Details

The System's principal components include SOLON's standard P225 or 270 PV modules, inverters which are rugged, reliable, low maintenance, and commercial/utility-scale inverters, building specific roof-mounted ballast systems, three weather stations and three data acquisition (DAS) systems. The System may be generically represented as follows:



D-1

## Modules

Product Specifications	P225 W Modules	P270 W Modules
Capacity Rating:	225 W <sub>p</sub> ±3%	270 W <sub>p</sub> ±3%
Module Efficiency:	13.72%	13.77%
Dimensions:	1,640 x 1,000 x 42 mm	1,980 x 1,000 x 42 mm
Weight:	23.5 kg	28.5 kg
Junction Box:	1 junction box with 3 bypass diodes	1 Tyco junction box with bypass diodes
Solar Cable:	900 mm x 4 mm <sup>2</sup> , prefabricated w/ MC-3 plug	1,100 mm x 4 mm <sup>2</sup> , prefabricated w/ Tyco plug
Front Glass:	White toughened safety glass, 4 mm	Transparent toughened safety glass, 4 mm
Solar Cells:	60 polycrystalline cells Si 6.2" (156x156 mm)	72 polycrystalline cells Si 6.2" (156x156 mm)
Cell Encapsulation	EVA (Ethylene Vinyl Acetate)	EVA (Ethylene Vinyl Acetate)
Back Site:	Composite film	White composite film
Frame:	Anodized aluminum; twin wall profile and drainage holes	Anodized aluminum; twin wall profile and drainage holes
<b>Permissible Operating Conditions</b>		
Temperature Range:	-40°C to +85°C	-40°C to +85°C
Maximum System Voltage:	600 V	600 V
Max. Surface Load Capacity:	Up to 5,400 Pa according to IEC 61215 (advanced test)	Up to 5,400 Pa according to IEC 61215 (advanced test)
Resistance Against Hail:	Maximum diameter of 28 mm/impact speed of 86 km/h	Maximum diameter of 28 mm/impact speed of 86 km/h
<b>Guarantees and Certifications</b>		
Product Warranty:	10 years for materials and workmanship	10 years for materials and workmanship
Performance Guarantee:	90% of guaranteed output for 10 years; 80% for 25 years	90% of guaranteed output for 10 years; 80% for 25 years
Approvals and Certificates:	UL listed, CEC registered	UL listed, CEC registered

## Roof-Mounted Ballast System

In order to secure modules in a specific orientation a module mounting system is required. This "racking" is specific to each application, but on flat roof applications is generally a ballasted rack that sits on top of the roof without any penetrations. This mounting system allows there to be a tilt associated with the module as well as a method of insuring that the modules are fastened to a specific location and not in danger of movement due to wind or rain. In the case of Paradise Valley School district, the majority of the racking is ballasted, orienting the module at a 15 degree tilt orientated due south.

## **Inverters**

Inverters range from 50 to 250kW depending upon application. They are designed to be rugged, reliable, and low maintenance commercial/utility-scale inverter. Each inverter shall be housed in an outdoor rated enclosure that contains all the necessary electronics to convert DC to AC power, including an isolation transformer. The inverters will incorporate next generation MPPT technology. All Inverters are to be configured to 480V AC 3-phase and have advanced 3<sup>rd</sup> party monitoring and control capabilities.

### **Product Specifications:**

Capacity:	50kW up to 250kW
CEC-Weighted Efficiencies:	95.9 - 97%
Power Factor at Full Load:	>0.99
Cooling:	Forced air
Enclosure Rating:	NEMA 3R
Enclosure Finish:	powder-coated steel
Ambient Temperature Range:	-20°C to +50°C (Operating) – Full Power
Maximum Input Voltage Range:	310-600 VDC 480 VAC (MPPT; Full Power)
Maximum Input Current:	454A DC 480 VAC
Maximum Output Current:	422-528 VAC 480 VAC
Product Warranty:	[5] years, additional years available
Approvals and Certificates:	UL 1741, CSA 107.1-01, IEEE 1547, IEEE C62.41.2, UBC Zone 4 Seismic Rating, IEEE C37.90.1, IEEE C37.90.2 CE Certification (EN 50178, EN 61000-6-2, EN 61000-6-4)

## **Weather Station and Sensors**

The System includes a weather station which allows the monitoring of PV cell temperature, ambient temperature, wind speed, wind direction, and plane of array irradiance. A solar shield protects the ambient temperature sensor from direct sunlight. This sensor is inserted into the solar shield and is secured by a friction lock to prevent it from falling out. The wind direction sensor produces a ratio metric voltage signal that is transformed into a sensor output signal. The wind speed sensor (anemometer) produces a sine wave voltage with a frequency that changes linearly depending on the wind speed. This frequency is then transformed into a sensor output signal. A pyranometer measures solar irradiation from the hemispherical field of view centered on the sensor and is mounted on the plane of array. Solar irradiation varies among regions depending on factors such as season, time, terrain elevation, obstructions, or trees. The PV cell temperature sensor measures the center back of the module.

## **Data Acquisition System**

The System's DAS is provided by a leading provider of performance management systems for commercial and utility-scale solar systems. The DAS is a total solution for solar system monitoring and management, including revenue-grade metering and a web-enabled platform for real-time alarming, billing, reporting and facility management functions.

The DAS will allow the user, which may include each of the Schools, SOLON Corp. and the investor to monitor each inverter's DC input power, AC output power, errors, weather station(s)

data, and meter production. This information can be displayed on the internet using an Ethernet connection. An external communications box provides both the owner and customer a direct communication connection.

### **Balance of System**

Major balance of system components includes DC fused combiner boxes, Production Metering hardware and AC Disconnects. Other components include such items as wiring, conduits, supports and connectors for field-routed conduit runs.

### **System Warranty**

SOLON Corp. will provide a 3-year system warranty commencing on the "Substantial Completion Date" (as defined in the EPC agreement) that the System will be free from defects in design, materials, construction and workmanship under normal operating conditions. The system warranty will be in addition to the manufacturer's warranties on the various component parts. The extended system warranty will exclude normal wear and tear as well as repair of damages to the system or components caused by vandalism, malicious conduct or force majeure. Under the system warranty, SOLON will resolve any defect in material or workmanship in any of the component parts not covered by original equipment manufacturer. The system warranty, together with all of the various component warranties, will be transferred to the Lessor at closing to the fullest extent possible.

### **Completion Status**

The PVUSD System is projected to be substantially complete on or about September 30, 2010.

### **Projected System Output**

SOLON Corp. has derived the PVUSD System's projected Output using PV Watts 1. The PVWatts 1 calculator works by creating hour-by-hour performance simulations that provide estimated monthly and annual energy production in kilowatts and energy value. Users can select a location and choose to use default values or their own system parameters for size, electric cost, array type, tilt angle, and azimuth angle. In addition, the PVWatts calculator can provide hourly performance data for the selected location.

Using typical meteorological year weather data (TMY2) for the selected location, the PVWatts calculator determines the solar radiation incident of the PV array and the PV cell temperature for each hour of the year. The DC energy for each hour is calculated from the PV system DC rating and the incident solar radiation and then corrected for the PV cell temperature. The AC energy for each hour is calculated by multiplying the DC energy by the overall DC-to-AC derate factor and adjusting for inverter efficiency as a function of load. Hourly values of AC energy are then summed to calculate monthly and annual AC energy production. Based on the foregoing, the System's AC output for year one is projected to be as follows:

<b>Project</b>	<b>North Canyon High School</b>
<b>Location</b>	Phoenix, AZ
<b>SIZE - kW DC</b>	939.60
<b>MODULE TYPE</b>	Blue 270
<b>Module Wattage</b>	270wdc
<b>COORDINATES</b>	33.4N, 112.0W
<b>Azimuth angle (assume south = 180°)</b>	180°
<b>SYSTEM TYPE</b>	Roof Mount 15°
<b>Output</b>	<b>PV WATTS 1 KWh Fixed</b>
<b>No shading @ Point of Interconnect</b>	<b>1,619,279</b>

*\* The actual Output in any year will be more or less than projected depending on actual meteorological conditions, degradation and equipment performance.*



## EXHIBIT C

### SCHEDULE OF DEFINITIONS AND RULES OF INTERPRETATION

1. **Definitions.** The definitions provided below and elsewhere in this SSA will apply to the defined terms used in this SSA:

**"1603 Cash Grant"** means Treasury grant made pursuant to Section 1603 of the American Recovery and Reinvestment Act *and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation*

**"AAA Rules"** has the meaning ascribed to such term in Section 15.2.

**"ACC"** means the Arizona Corporation Commission.

**"Affiliate"** means, with respect to any entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity.

**"Agreement"** has the meaning ascribed to such term in the first sentence of this solar services agreement.

**"Applicable Law"** means, with respect to any governmental authority, any constitutional provision, law, statute, rule, regulation, ordinance, treaty, order, decree, judgment, decision, certificate, holding, injunction, registration, license, franchise, permit, authorization, guideline, governmental approval, consent or requirement of such governmental authority, enforceable at law or in equity, along with the interpretation and administration thereof by any governmental authority.

**"APS"** means Arizona Public Service Company and shall include any successor in interest with respect to either the Program or the provision of electrical service to the Premises.

**"Authorized Offline Period"** has the meaning ascribed such term in Section 3.6.

**"Bankrupt"** means that a Party or other entity (as applicable): (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails (or admits in writing its inability) generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up, reorganization or liquidation, which proceeding or petition is not dismissed, stayed or vacated within 30 days thereafter; (v) commences a voluntary proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights; (vi) seeks or consents to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets; (vii) has a secured party take possession of all or

substantially all of its assets, or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets; (viii) causes or is subject to any event with respect to it which, under the Applicable Laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) inclusive; or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"Bankruptcy Code" means the United States Bankruptcy Code.

"Business Day" means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday.

"Claiming Party" has the meaning ascribed to such term in Section 8.3.

"Commercial Operation" means that the System is ready for regular, daily operation, has been connected to the Premises electrical system upon approval by APS, and is capable of producing Energy Output.

"Commercial Operation Date" means the date, determined by Provider and set forth in writing to Recipient, upon which (i) APS has provided its authorization to interconnect the System and operate it in parallel with the local grid and (ii) the System commences delivery of Energy to the Delivery Point.

"Confidential Information" means any non-public confidential or proprietary information (whether conveyed orally, electronically or in hard copy) of a Party or its Affiliates or any of its or their Representatives relating to this SSA, the Lease, the System revealed to the other Party or its Affiliates or any of its or their Representatives during the Term and conspicuously identified as confidential.

"Costs" means any fees, expenses and/or obligations incurred by either Party in connection with this Agreement or breach thereof by the other Party.

"CPP" means the REC Financial Incentive payments owed by APS in connection with the REC Purchase Agreement

"Degradation Factor" means a [0.75%] annual degradation factor applied commencing on the first anniversary of the Commercial Operation Date.

"Delivery Point" means the point where the System is interconnected to Recipient's electrical intertie and at and from this point exclusive control of the Energy shall shift to Recipient with risk of loss related to Energy also transferring from Provider to Recipient.

"Due Date" has the meaning ascribed to such term in Section 10.1.

"Early Termination Date" has the meaning ascribed to such term in Section 9.2.

"Electric Utility Provider" includes Arizona Public Service Company ("APS") and such other or further Public Service Corporations (as that term is defined in Arizona Const. Art. 15 Sec. 2) that may provide the Recipient with Energy from time to time except that under no circumstances

shall Electric Utility Provider be interpreted to include other providers of Energy that is generated on Recipient's premises.

"Energy" means electrical energy (three-phase, 60-cycle alternating current, expressed in kWh) generated by the System.

"Energy Deficiency Quantity" has the meaning ascribed to such term in Section 7.3(b)(v).

"Energy Output" means the amount of Energy generated by the System and delivered to Recipient at the Delivery Point, as metered in whole kilowatt-hours (kWh) at the Metering Device.

"Energy Surplus Quantity" has the meaning ascribed to such term in Section 7.3(b)(v).

"Environmental Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the System, and its displacement of conventional energy generation. Environmental Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4) nitrous oxide, hydrofluoro carbons, perfluoro carbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on MWh basis and one Green Tag represents the Environmental Attributes associated with one (1) MWh of energy. Environmental Attributes do not include: (i) any energy, capacity, reliability or other power attributes from the System; (ii) Tax Benefits, including production or investment tax credits associated with the construction or operation of the energy projects; *or* (iii) emission reduction credits encumbered or used by the System for compliance with local, state, or federal operating and/or air quality permits.

"EPC" means that certain Engineering Procurement Contract entered into, as of the date hereof, between Provider and SOLON Corporation, an Arizona Corporation, with respect the provision of certain engineering, procurement, and construction management services related to the System.

"Event of Default" has the meaning ascribed to such term in Section 9.1

"Expected Monthly Output" means, with respect to any calendar month, the average Energy Output that the System has produced in such month in all prior years of operation, reduced by the Degradation Factor (and if the System has not been in operation for twelve (12) consecutive

months prior to such month, then Provider's reasonable estimation of what the Energy Output would have been absent the Unauthorized Shutdown or shading).

"Fair Market Value" has the meaning ascribed such term in Section 13.1.

"Financiers" has the meaning ascribed to such term Section 17.2.

"Force Majeure" means, when used in connection with the performance of a Party's obligations under this SSA, any of the following events to the extent not caused by such Party or its agents or employees: (i) war, riot, acts of a public enemy or other civil disturbance; (ii) acts of God, including but not limited to, storms, floods, lightning, earthquakes, hailstorms, ice storms, tornados, typhoons, hurricanes, landslides, volcanic eruptions, range or forest fires, and objects striking the earth from space (such as meteorites), sabotage or destruction by a third party (other than any contractor retained by or on behalf of the Party) of facilities and equipment relating to the performance by the affected Party of its obligations under this SSA; and (iii) strikes, walkouts, lockouts or similar industrial or labor actions or disputes. Force Majeure will not be based on (i) Recipient's inability economically to use Energy purchased hereunder, or (ii) Provider's ability to sell Energy at a price greater than the price of Energy under this SSA. Economic hardship of either Party shall not constitute Force Majeure.

"Governmental Charges" means all applicable federal, state and local taxes (other than taxes based on income or net worth), governmental charges, emission allowance costs, duties, tariffs, levies, licenses, fees, permits, assessments, adders or surcharges (including public purposes charges and low income bill payment assistance charges), imposed or authorized by a governmental authority, independent system operator, utility, transmission and distribution provider or other similar entity, on or with respect to the Energy or this SSA.

"Indemnity Claims" means all losses, liabilities, damages, costs, expenses and attorneys' fees, whether incurred by settlement or otherwise.

"Independent Appraiser" means an individual who is a member of a national accounting, engineering or energy consulting firm qualified by education, experience and training to determine the value of solar generating facilities of the size and age and with the operational characteristics of the System. Except as may be otherwise agreed by the Parties, the Independent Appraiser shall not be (or within three years before his appointment have been) a director, officer or an employee of, or directly or indirectly retained as consultant or adviser to, Provider or Recipient or any Affiliate of Provider or Recipient, other than in the capacity as an independent appraiser under this SSA.

"Initial Term" has the meaning ascribed to such term in Section 2.1(a).

"Interest Rate" means, for any date, the lesser of (i) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or, if not published on such day, on the most recent preceding day on which published), plus two percent (2%) and (ii) the maximum rate permitted by Applicable Law.

"kWh" means kilowatt-hour and is the unit of measurement for Energy.

"Lease" has the meaning ascribed such term in the first recital of this SSA.

"Metering Device" means any and all meters at or before the Delivery Point needed for the registration, recording, and transmission of information regarding the Energy generated by the System and delivered to the Delivery Point.

"Non-Defaulting Party" has the meaning ascribed to such term in Section 9.2.

"Notice" has the meaning ascribed to such term in Section 16.1.

"Party" or "Parties" has the meaning ascribed to such term in the first paragraph of this Agreement.

"Person" means an individual, general or limited partnership, corporation, municipal, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, limited liability company, or any other entity of whatever nature.

"Pests" has the meaning ascribed to such term in Section 8.4.

"Premises" has the meaning ascribed such term in the first recital of this SSA.

"Program" means the APS Renewable Energy Incentive Program, as approved by the ACC.

"Purchase Option" has the meaning ascribed to such term in Section 13.1.

"Purchase Option Date" has the meaning ascribed to such term in Section 13.1.

"Purchase Option Notice" has the meaning ascribed to such term in Section 13.1.

"Purchase Option Price" has the meaning ascribed to such term in Section 13.1.

"Purchase Price" has the meaning ascribed to such term in Section 13.5.

"Recipient Maintenance Removal" has the meaning ascribed to such term in Section 8.4(g)

"REC Financial Incentives" means each of the following financial rebates and incentives that is in effect as of the Effective Date or may come into effect in the future: (i) performance-based incentives under any federal state or local renewable energy program or initiative, (ii) any utility rebates or incentives, (iii) state-funded monetary assistance originating from state legislation or local other funding offered for the development of renewable energy or solar projects, and (iv) in each case, including all reporting rights with respect to any of the foregoing allowances.

"REC Purchase Agreement" has the meaning ascribed to such term in Section 2.2.

"Renewable Energy Credit" or "REC" means renewable energy credit(s) or certificates, emission reduction credits, emission allowances, green tags, tradable renewable credits, or other transferable indicia denoting carbon offset credits or indicating generation of a particular quantity of renewable energy attributed to the Energy produced by the System under any reporting program adopted by a governmental authority (including state or local governmental

authorities in Arizona), or for which a registry and a market exists or for which a market may exist at a future time.

"Representatives" has the meaning ascribed to such term in Section 14.1(a).

"Schedule of Definitions and Rules of Interpretation" has the meaning ascribed to such term in Section 1.1.

"Solar Services" means the design, construction, installation, maintenance (including repair and replacement) and operation of the System, the monetization of Tax Benefits associated with the Energy, the assistance with traditional energy demand reduction by delivery of all of the Energy produced by the System to the Delivery Point and other services associated with this SSA as Recipient may from time to time reasonably request from Provider, at no incremental cost and expense to Provider.

"Solar Services Payment Rate" has the meaning ascribed to such term in Exhibit D.

"System" means the solar, photovoltaic generating system to be installed by Provider on the Premises for purposes of providing the Solar Services to Recipient, as more particularly described in Exhibit B.

"System Assets" means the System together with all such other tangible and intangible assets, permits, improvements, property rights and contract rights used for the construction, operation and maintenance (including repair or replacement) of the System.

"System Loss" means loss, theft, damage, destruction, condemnation or taking of the System or System Assets, or any other occurrence or event that prevents or limits the System from operating in whole or in part, resulting from or arising out of any cause (including casualty, condemnation or Force Majeure) other than (i) Provider's negligence or intentional misconduct, (ii) Provider's material breach of its maintenance obligations under the SSA, or (iii) normal wear and tear of the System.

"Tax Benefits" means any loss, deduction, depreciation, and/or credit for federal, state, or local income tax purposes and any federal, state, or local state tax incentives, including, but not limited to the 1603 Cash Grant (with such amount determined using the highest combined federal, state, and local tax rate applicable to Provider) available in connection with the ownership, operation or use of the System.

"Temporary Shutdown Fees" has the meaning ascribed to such term in Section 3.6.

"Term" means the Initial Term and any extension thereof.

"Termination Payment" means the amount payable in respect of any period as set forth in Exhibit E hereto.

"Transaction" means any transaction between the Parties under the terms of the SSA or the Lease or any other agreements, instruments, or undertakings between the Parties.

"Unauthorized Shutdown" has the meaning ascribed to such term in Section 3.6.

2. Rules of Interpretation. In this SSA, unless expressly provided otherwise:

- (a) the words "herein," "hereunder" and "hereof" refer to the provisions of this SSA and a reference to a recital, Article, Section, subsection or paragraph of this SSA or any other agreement. in which it is used unless otherwise stated;
- (b) references to this SSA, or any other agreement or instrument, includes any schedule, exhibit, annex or other attachment hereto or thereto, and references to this SSA include the Basic SSA Provisions;
- (c) a reference to a paragraph also refers to the subsection in which it is contained, and a reference to a subsection refers to the Section in which it is contained;
- (d) a reference to this SSA, any other agreement or an instrument or any provision of any of them includes any amendment, variation, restatement or replacement of this SSA or such other agreement, instrument or provision, as the case may be;
- (e) a reference to a statute or other law or a provision of any of them includes all regulations, rules, subordinate legislation and other instruments issued or promulgated thereunder as in effect from time to time and all consolidations, amendments, re-enactments, extensions or replacements of such statute, law or provision;
- (f) the singular includes the plural and vice versa;
- (g) a reference to a Person includes a reference to the Person's executors and administrators (in the case of a natural person) and successors, substitutes (including Persons taking by novation) and permitted assigns;
- (h) words of any gender shall include the corresponding words of the other gender;
- (i) "including" means "including, but not limited to," and other forms of the verb "to include" are to be interpreted similarly;
- (j) references to "or" shall be deemed to be disjunctive but not necessarily exclusive, (i.e., unless the context dictates otherwise, "or" shall be interpreted to mean "and/or" rather than "either/or");
- (k) where a period of time is specified to run from or after a given day or the day of an act or event, it is to be calculated exclusive of such day; and where a period of time is specified as commencing on a given day or the day of an act or event, it is to be calculated inclusive of such day;

(l) a reference to a Business Day is a reference to a period of time commencing at 9:00 a.m. local time on a Business Day and ending at 5:00 p.m. local time on the same Business Day;

(m) if the time for performing an obligation under this SSA expires on a day that is not a Business Day, the time shall be extended until that time on the next Business Day;

(n) a reference to (i) a month is a reference to a calendar month and (ii) a year is a reference to a calendar year;

(o) where a word or phrase is specifically defined, other grammatical forms of such word or phrase have corresponding meanings;

(p) a reference to time is a reference to the time in effect in Phoenix, Arizona on the relevant date;

(q) if a payment prescribed under this SSA to be made by a Party on or by a given Business Day is made after 2:00 pm on such Business Day, it is taken to be made on the next Business Day; and

(r) if any index used in this SSA at any time becomes unavailable, whether as a result of such index no longer being published or the material alteration of the basis for calculating such index, then Provider and Recipient shall agree upon a substitute index that most closely approximates the unavailable index as in effect prior to such unavailability. If the base date of any such index is at any time reset, then the change to the index resulting therefrom shall be adjusted accordingly for purposes of this SSA.



## **EXHIBIT D**

### **Solar Services Payment Rate**

The payment to be made by Recipient to Provider shall equal the Energy Output for the relevant period multiplied by the Solar Services Payment Rate for such period. The Parties agree that such payment of the Solar Services Payment Rate comprises a negotiated rate that reflects the provision of the full Solar Services.

1. Solar Services Price: \$0.07/kWh
2. Solar Services Price Escalator: 2.0% per annum beginning 12 months (Year 2) after Commercial Operation Date

**EXHIBIT E**

**North Canyon High School**

**Termination Payment Schedule**

<b>Date</b>	<b>Termination Payment</b>
10-Mar-10	\$4,962,000
31-Dec-10	4,157,000
31-Dec-11	3,623,000
31-Dec-12	3,089,000
31-Dec-13	2,554,000
31-Dec-14	2,020,000
31-Dec-15	1,485,000
31-Dec-16	1,419,000
31-Dec-17	1,353,000
31-Dec-18	1,288,000
31-Dec-19	1,221,000
31-Dec-20	1,156,000
31-Dec-21	1,090,000
31-Dec-22	1,024,000
31-Dec-23	958,000
31-Dec-24	892,000
31-Dec-25	826,000
31-Dec-26	760,000
31-Dec-27	694,000
31-Dec-28	628,000
31-Dec-29	563,000
31-Dec-30	497,000

## **EXHIBIT F**

### **Provider's Insurance Requirements**

Provider shall, at all times, maintain; 1) commercial general liability insurance with coverage of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate; 2) employer's liability insurance with coverage of at least \$1,000,000; and 3) worker's compensation insurance as required by law.

All insurance policies provided hereunder shall; 1) contain a provision whereby the insurer agrees to give the party not providing the insurance 30 days (10 days in the event of non-payment of premiums) written notice before the insurance is cancelled; 2) be written on an occurrence basis; 3) with respect to liability insurance policies, include the other Party as an additional insured as its interest may appear; 4) include waivers of subrogation; 5) provide for primary coverage without right of contribution from any insurance of the other Party; and 6) be maintained with companies either rated no less than A- as to Policy Holder's Rating in the edition of Best's Insurance Guide or otherwise reasonably acceptable to the other party.

## **EXHIBIT G**

### **Recipient's Insurance Requirements**

Recipient shall, at all times, maintain; 1) "all risk" property insurance on the System for the full replacement cost thereof and name Provider as a loss payee; 2) commercial general liability insurance with coverage of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate; 3) employer's liability insurance with coverage of at least \$1,000,000; and 4) worker's compensation insurance as required by law.

All insurance policies provided hereunder shall; 1) contain a provision whereby the insurer agrees to give the party not providing the insurance 30 days (10 days in the event of non-payment of premiums) written notice before the insurance is cancelled; 2) be written on an occurrence basis; 3) with respect to property insurance policies, name Provider as a loss payee thereunder; 4) with respect to liability insurance policies, include the other Party as an additional insured as its interest may appear; 5) include waivers of subrogation; 6) provide for primary coverage without right of contribution from any insurance of the other Party; and 7) be maintained with companies either rated no less than A- as to Policy Holder's Rating in the edition of Best's Insurance Guide or otherwise reasonably acceptable to the other party.

**EXHIBIT H**  
**REC Purchase Agreement**



## PHOTOVOLTAIC GRID TIED ELECTRIC SYSTEM INFORMATION SHEET FOR THE SUBMITTAL OF A SCHOOLS (PUBLICALLY FUNDED K-12) RESERVATION APPLICATION

Thank you for your support of renewable technology. APS is proud to welcome you to our APS Renewable Energy Incentive Program (the "Program"). Please fill out and submit a Reservation Application along with a proposal from your equipment dealer to ensure that we receive the required information to process your Reservation Application. If you have any questions, please call 602-328-1924.

IT IS IMPORTANT TO NOTE THAT SUBMITTING YOUR RESERVATION APPLICATION DOES NOT GUARANTEE PROJECT FUNDING. APS will provide you with written acceptance of your Reservation Application. Please also note that a spending cap is set each year for the Program. After the cap has been reached, customers applying for funding will be placed on a wait list. Reservation Applications are reviewed on a first come, first served basis.

NOTE: ALL FORMS ARE AVAILABLE VIA [WWW.APS.COM](http://WWW.APS.COM) OR BY CALLING 602-328-1924.

1. Complete and submit a signed Reservation Application and a quote from your installer which includes an itemized list of system components including the model number and manufacturer for the generator and, if applicable, the inverter.
2. Receive reservation confirmation. Review, sign and return agreement.  
When your reservation has been reviewed, you will receive written notification that your Reservation Application was either approved or denied. Along with your approved written notification you will also receive, as applicable, an agreement that covers the terms and conditions for the interconnection of your system to the APS distribution system, and credit purchase.
3. Complete and submit an APS Interconnection Application. (Either you or your equipment dealer can complete this step).
4. Receive preliminary approval confirming system design appears to meet APS interconnection requirements. APS will send written notification that the equipment submitted appears to be in conformance with APS' interconnection requirements.
5. Proceed with installation and obtain necessary municipal clearances. (Typically your equipment dealer will assist you in obtaining any necessary clearances).
6. Schedule APS Interconnection Inspection.  
Contact APS to request an interconnection inspection. After inspection, APS will send you an authorization letter confirming that the PV System has passed inspection and that permission has been provided for the PV System to operate in parallel to the APS distribution system. Only an authorized APS representative can provide permission for your PV System to operate in parallel to the APS distribution system. Until such permission has been granted, your PV System will not be operable (in conjunction with the APS distribution system).
7. Request Incentive Payment.  
Please submit the following so that an incentive payment can be issued:
  - Installation Certification form signed by both the dealer and the installer; and
  - Receipt confirming the PV System purchase price, payment, and installation by an Arizona licensed contractor

Address for the submission of all program documents:  
APS Renewable Energy Incentive Program  
PO Box 53999, MS 9649  
Phoenix, AZ 85072-3999



Renewable Energy

**PHOTOVOLTAIC GRID TIED ELECTRIC SYSTEM  
SCHOOLS (PUBLICALLY FUNDED K-12) RESERVATION APPLICATION**

How did you hear about the APS Renewable Energy Incentive Program?

☐ Brochure at Event ☐ Annual Use Letter ☐ Print Ad ☐ TV ☐ Website ☐ Radio ☒ Other \_\_\_\_\_

**SCHOOL NAME AND MAILING ADDRESS INFORMATION**

School Name North Canyon High School

Primary School Contact Name

First Name Michael Last Name Green

Secondary School Contact Name

First Name Ken Last Name Carter

Mailing Address

Street Name 1700 E. Union Hills Dr.,

City Phoenix State AZ Zip 85024

**SCHOOL CONTACT INFORMATION**

School Phone Michael Green Cell Phone 602-722-5551

Email Address migreen@pvschools.net

**INSTALLATION SITE INFORMATION**

APS Account Number 000880283 Meter Number A33998, C94114, C94115

It there is currently no electrical service at the installation site, please leave the APS account number and meter number blank and check here. ☐

Installation Address (If same as mailing address, check here ☒)

Street Name \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**ACCESS INFORMATION**

Is your electric meter located behind a fence or gate?

☒ Yes ☐ No

Do you plan to install the Utility Disconnect at the service entrance?

☒ Yes ☐ No

**SYSTEM INFORMATION** [Please contact your dealer if unsure of the information to provide in this section]

Estimated Installation Date 09/30/2010 \_\_\_\_\_ Is this a system expansion? ☐ Yes ☒ No

PV Module Manufacturer SOLON Corporation \_\_\_\_\_ Model # Blue 270 \_\_\_\_\_ UL Listing UL-1703 #E304883 \_\_\_\_\_

Panel Rating in DC Watts (PV Module DC Watts W-STC Rating) 270

Inverter Manufacturer SatCon (or equivalent) \_\_\_\_\_ Model # PVS 100 UL Listing UL-1741

#### EQUIPMENT DEALER INFORMATION

Dealer Name (please supply full legal name) SOLON Corporation

Contact Name Robert Wanless \_\_\_\_\_ Telephone 602-402-3638

Fax 602-807-4046 \_\_\_\_\_ E-mail rob.wanless@solon.com

Mailing Address 6950 S. Country Club Rd., Tucson, AZ 85756

Arizona Registrar of Contractors (AZROC) License Information

Number ROC 236528 \_\_\_\_\_ Class K-11 \_\_\_\_\_ Expiration 08/31/2011

#### INSTALLER INFORMATION (If same as equipment dealer, check here X)

Installer Name (please supply full legal name) \_\_\_\_\_

Contact Name \_\_\_\_\_ Telephone \_\_\_\_\_

Fax \_\_\_\_\_ Email \_\_\_\_\_

Mailing Address \_\_\_\_\_

Arizona Registrar of Contractors (AZROC) License Information

Number \_\_\_\_\_ Class \_\_\_\_\_ Expiration \_\_\_\_\_

#### SYSTEM OWNER INFORMATION

Company Name (please supply full legal name) SOLON Corporation

Contact Name Robert Wanless \_\_\_\_\_ Telephone 602-402-3638

Fax 602-807-4046 \_\_\_\_\_ E-mail rob.wanless@solon.com

Mailing Address 6950 S. Country Club Rd., Tucson, AZ 85756

#### NET BILLING AND NET METERING RATES

Please indicate your rate plan choice for compensation received from APS for the power generated by your PV System that will be delivered to the APS distribution system.

- ☐ EPR-2 (Energy sent back to the APS grid will be purchased by APS at wholesale price, often called "net billing")  
☐ EPR-6 (Energy sent back to the APS grid will appear as a kWh credit on your bill, often called "net metering", payment at wholesale price for excess credits at year end)

Rate schedules are posted @ [www.aps.com](http://www.aps.com) or call 602-328-1924.

INCENTIVE REQUEST (Typically your installer or equipment dealer will help you with this section).

Total Proposed Installed System Cost: \$4,698,000 \_\_\_\_\_

(Note that incentive payment is capped at 50% of total installed system cost)

School UFI PV Application 09/29/09



Available School (Publically Funded K-12) incentive is a one-time payment of \$2.25/Watt DC-STC up to a maximum incentive of 50% of the System Cost.

$$\begin{array}{rcl} \$2.25 & \times & 939,600 \\ & & \text{Watts DC-STC} \end{array} = \begin{array}{rcl} \$2,114,100 & & \text{Total Maximum Incentive} \end{array}$$

The minimum PV array size shall be 1,000 watts DC-STC

Estimated Annual Production: 1,616,279 kWhs

DE-RATING INFORMATION (Typically your installer or equipment dealer will help you with this section).

The productivity of PV Systems is sensitive to the specifics of the installation method and location. Systems that are impacted by shading and PV panel tilt angle and azimuth will receive a proportionally lower incentive in accordance with the PV Off Angle and Shading Incentive Adjustment Chart ("Adjustment Chart"). The Adjustment Chart is attached hereto as Appendix A to the Agreement. An on-line calculator is also available at [www.aps.com](http://www.aps.com) or by calling 602-328-1924.

Proposed Array Azimuth Angle from Due South 180-degrees

Proposed Angle Above Horizontal (tilt angle) 15-degrees

The azimuth is the compass direction your solar system faces. Ideally, solar units should face south to collect the most solar energy throughout the year. The further east or west the system faces the lower the yearly output will be.

The tilt angle is the tilt of the solar panel in relation to horizontal. For maximum yearly energy product, this tilt should be at approximately 30 degrees for fixed systems installed in Arizona. Furthermore, the flatter the solar panels are the more summer energy production, but the lower the winter production.

Is there a tree, building or overhang that is in proximity to the PV array? ☐ Yes ☒ No

If you answered yes, please indicate the estimated percentage impact this will have on system production:

☐ Less than 10 % ☐ 11% - 25% ☐ 26% - 40%

Based on the survey of your installation site and the installation plan, does your dealer or installer anticipate that the incentive will be lower based on the de-rating information supplied above?

☐ Yes ☒ No

If yes, by what percentage do you expect the incentive to be decreased based on such a de-rating?

#### ASSIGNMENT OF PAYMENT

Will payment be assigned to an installer, dealer or manufacturer of the qualifying system? ☒ Yes ☐ No

If yes, please complete and sign the information below:

I authorize APS to issue Credit Purchase funds to the following third party, on my behalf, as payment toward the cost and/or installation of my PV System. I acknowledge and agree that payment made by APS to the third party below shall satisfy APS' payment obligation to me in connection with the Agreement and that, once made, APS shall have no further obligation whatsoever to me.

Dealer/Company Name (assignee) SOLON Corporation

Address 6950 S. Country Club Rd., Tucson, AZ 85756

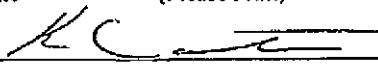
Customer Signature [Signature] Date 3/5/10

Attach a quote from your installer that includes an itemized list of system components including model and manufacturer of both the PV module(s) and the inverter(s).

NOTE THAT ANY MATERIAL CHANGES TO THE INFORMATION PROVIDED IN THE RESERVATION APPLICATION MUST BE PROVIDED TO APS THROUGH AN AMENDED APPLICATION AND CREDIT PURCHASE AGREEMENT. FAILURE TO SUBMIT AN AMENDED APPLICATION AND AGREEMENT AS REQUIRED MAY JEOPARDIZE CUSTOMER'S ELIGIBILITY TO RECEIVE THE INCENTIVE PAYMENT FROM APS.

CUSTOMER

Ken Carter  
Name (Please Print)

  
Signature

03/05/2010  
Date

**TERMS AND CONDITIONS FOR THE RECEIPT OF CREDIT PURCHASE AGREEMENT  
(the "Agreement")**

**APS Renewable Energy Incentive Program Reservation # 7798 for Renewable Energy  
System permanently located at: 1700 E. Union Hills Dr., Phoenix, AZ (the "Property").**

We thank you for your interest in participating in APS' Renewable Energy Incentive Program (the "Program"). In order to receive a Credit Purchase Payment from APS (as defined below), you must comply with all the terms and conditions of the Program. This Agreement contains the applicable terms and conditions, which you should carefully review before signing. We also recommend that you read the Program Handbook that is posted to [aps.com](http://aps.com) or can be obtained by calling 602-328-1924. If you have questions, please contact the APS Renewable Energy Incentive Team at 602-328-1924 or email: [DG\\_Interconnect@aps.com](mailto:DG_Interconnect@aps.com). Your signature below, and the interconnected operation of your renewable energy system (the "RE System") with our electric distribution system, reflect your agreement to these terms and conditions.

This Agreement defines our respective rights and responsibilities under the Program. It also defines the eligibility requirements you must satisfy in order to qualify for a Credit Purchase Payment. This is not a contract for the sale of goods or services, and does not establish any consumer rights for the purchase of goods or services. We offer no warranties, guarantees or assurances with respect to the RE System you select, its installation and/or the results you will obtain.

**ANY AND ALL WARRANTIES ARE EXPRESSLY DISCLAIMED, INCLUDING, WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. ANY RESPONSIBILITIES WE MAY HAVE TO YOU AS A CUSTOMER AND PROGRAM PARTICIPANT ARE AS IS DEFINED IN OUR TARIFFS AND SCHEDULES APPROVED BY THE ARIZONA CORPORATION COMMISSION (THE "ACC"). IN NO EVENT WILL WE BE LIABLE TO YOU OR ANY THIRD PARTY FOR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES IN CONNECTION WITH THE RE SYSTEM, YOUR PARTICIPATION IN OUR PROGRAM AND/OR THE INSTALLATION, MAINTENANCE OR USE OF YOUR RE SYSTEM.**

**1. RECITALS**

You are the "Customer", as that term is used in this Agreement. As the Customer, you are either the APS retail customer of record for the Property or, if not an APS retail customer, the owner of the Property where the RE System will be installed. If you are an APS retail customer, APS supplies your electrical power requirements.

You plan to install the RE System on the Property, which is in the APS service territory, for the purpose of generating your own electrical power.

You will have title and interest in all environmental credits associated with the electrical power produced from the RE System. Pursuant to this Agreement, you will transfer to APS title to and interest in any environmental credits associated with the electrical power produced from your RE system. APS will pay you for such credits (such payment defined as the "Credit Purchase Payment") in accordance with the terms and conditions provided herein.

The effective date of this Agreement shall be the date that you sign it (the "Effective Date"), which you must complete where indicated on page \_\_\_\_\_ prior to submitting this Agreement to APS.

**2. GENERAL BACKGROUND**

APS has approved your Reservation Application (the "Application") and has reserved funds in accordance with your RE System equipment specifications, sizing, installation specification, and other related information contained in your Application. A copy of your approved Application will be attached to this Agreement as Exhibit A upon execution and submission of this Agreement to APS. If there is a material change to any of the information contained in the approved Application, you are required to inform APS by submitting supplementary or amending documentation which will be subject to review and approval by APS. If the material change results in a request to increase the amount of Credit Purchase Payment, any approval by APS will be subject to funding availability.

Our acceptance of your Application does not entitle you to receive the Credit Purchase Payment from APS. In order to receive the Credit Purchase Payment you must comply with all terms and conditions of this Agreement.

Within 180 days from the date of our approval of your Application, you are required to purchase and install an RE System that meets the requirements set forth in the equipment requirements and installer qualifications posted on [aps.com](http://aps.com) or School UF1 PV Application 09/29/09

available by calling 602-328-1924. In addition, you must execute this Agreement at any time following our approval of your Application, but in no event later than 180 days following the installation of your RE System.

### 3. LICENSED CONTRACTORS

For our mutual protection, APS requires that the RE System be installed by a contractor holding an appropriate and active license issued by the Arizona Registrar of Contractors. The license requirements can be found in the equipment requirements and installer guidelines document posted to [aps.com](http://aps.com) and are also available by calling 602-328-1924.

As with any significant purchase, we encourage you to shop around when considering a RE System. You should carefully check references and otherwise perform due diligence with respect to any manufacturer, vendor and/or installer that you are considering. We do not endorse or recommend any manufacturers, vendors or installers, nor are we in any way responsible for the selection you make and the goods and services that manufacturers, vendors and/or installers provide to you. In addition, you may want to consult with your professional advisors regarding tax, liability insurance, or other issues related to your obligations under this Agreement.

### 4. RE SYSTEM EQUIPMENT REQUIREMENTS

The equipment requirements for your RE System are documented in the equipment requirements and installer guidelines document posted to [aps.com](http://aps.com) and are also available by calling 602-328-1924.

As the beneficiary of your RE System, you are solely responsible for all payments associated with its purchase, installation and operation, including the costs associated with the interconnection to the APS distribution system. In the event of a failure of your RE System, it will be your responsibility to address any deficiencies or problems with your manufacturer, vendor or installer, or to otherwise ensure the return of your RE System to full operating condition.

### 5. PRELIMINARY INTERCONNECTION REQUIREMENTS CONFORMANCE REVIEW

If your RE System will be connected to the APS distribution system (i.e., grid-tied photovoltaic or grid-tied wind systems) then, prior to the actual installation of your RE System, we require that you or your installer or dealer submit to APS the appropriate Equipment Information Form and system diagram(s) and/or cut sheets (the "Interconnection Application packet"). This review and preliminary approval process affords us the opportunity to preliminarily confirm your compliance with our interconnection requirements and therefore your eligibility for participation in the Program. Our sign-off does not represent our approval of your selection of the RE System, your vendor or installer, the responsibility for which necessarily remains with you. Our preliminary approval also does not provide that authorization for your RE System to be paralleled with APS. Final determination of your compliance with the minimum interconnection requirements is made after completing the field inspection outlined in Section 5. The Interconnection Requirements Manual, Equipment Information Form, and sample design drawings can be found on our website at [www.aps.com](http://www.aps.com) or can be obtained by calling us at 602-328-1924.

### 6. INSPECTION

We retain the right to inspect your RE System and the location where it is installed at any time to ensure that you are complying with the RE System equipment requirements. We will schedule these inspections with you in advance, unless we have reason to believe that an emergency exists, in which case we may enter your Property to address the emergency consistent with the rules of the ACC and our ACC-approved tariffs and schedules. Our right of inspection, however, does not in any way relieve you of your responsibility for the operation of your RE System or any liability pursuant to Section \_\_\_\_ of this Agreement.

### 7. INSTALLATION CERTIFICATION

We require the dealer and the installer to execute an Installation Certification Form certifying that the RE System meets the requirements specified in this Agreement. The Installation Certification and Acceptance of Installation Form can be obtained from our website at [www.aps.com](http://www.aps.com). We also require a final invoice for your RE System to be submitted that substantiates that your vendor considers that the RE System has been paid in full. Our obligation to release incentive funds to you is specifically conditioned upon the RE System meeting all Program requirements, including our receipt of the Installation Certification and Acceptance of Installation forms.

### 8. APS INTERCONNECTION REQUIREMENTS

If the interconnection requirements of Paragraph 5 apply to your RE System, then it is very important that you be familiar with our requirements for interconnected operation of your RE System and our distribution grid ("APS Interconnection Requirements"). It is your responsibility to know and comply with all of APS Interconnection Requirements and related contractual obligations pursuant to your executed APS Interconnection Agreement. All forms and sample agreements are posted on our website at [www.aps.com](http://www.aps.com) or can be obtained by calling us at 602-328-1924.

We retain the right to inspect your RE System and the location where it is installed at any time to ensure that you are complying with these requirements, and so your cooperation with these inspections will be an additional requirement. We will schedule these inspections with you in advance, unless we have reason to believe that an emergency exists, in which case we may enter your premises to address the emergency consistent with the rules of the Arizona Corporation Commission (the "ACC") and our ACC-approved tariffs and schedules. Our right of inspection, however, does not in any way relieve you of your responsibility for the operation of your RE System and any damages it may cause.

Following our written approval of your proposed RE System and associated facilities, you may not remove, alter or otherwise modify or change your RE System, including, without limitation, the plans, control and protective devices or settings, and in general its specifications, configuration or any facilities related to it. If you do want to make any changes or modifications, we require that you first resubmit plans describing the proposed changes or modifications for our prior review and sign-off. Again, no such change or modification may be made without our prior written concurrence.

**THESE REQUIREMENTS ARE FUNDAMENTALLY IMPORTANT. FAILURE TO OBSERVE THESE MAY EITHER RESULT IN DELAYS IN APPROVAL OF YOUR INTERCONNECTION OR DISCONNECTION OF YOUR RE SYSTEM FROM THE APS DISTRIBUTION SYSTEM.**

#### **9. PARTIAL REQUIREMENTS SERVICE AND ELECTRIC SERVICE CONDITIONS**

If you choose a partial requirements rate for the purpose of receiving compensation from APS for the excess generation produced by your grid-tied RE System (as described in Paragraphs 5 and 8) for delivery into the APS distribution system, this compensation will be governed by our standard ACC-approved tariffs, terms and conditions. All of our rate schedules are posted at [www.aps.com](http://www.aps.com) or are available to you upon request by calling 602-328-1924. You may change to a different rate schedule than the one selected at the time of commissioning by contacting APS via phone, mail or email; however, you must remain on the partial requirements rate you select for at least one year. No further agreement or amendment will be required.

Your relationship with us under this Program will continue to be governed by the terms and conditions of our ACC-approved Schedules dealing with service to our customers. This includes provisions for unobstructed access to your premises in order to conduct meter reads or to inspect your utility disconnect switch or other inspections related to your services. You can access these schedules at [www.aps.com](http://www.aps.com) or these can be obtained by calling us at 602-328-1924.

The electric service provided under this Agreement will be in the form of single phase, split or three phase alternating current at 60 hertz and 120/240 volts

#### **10. TRANSFER OF ENVIRONMENTAL CREDITS**

There is an environmental credit associated with each kilowatt-hour (kWh) of electricity produced by your RE System, which represents the environmental benefits, emissions, reductions, offsets and allowances attributable to the generation of energy from your RE System. Title to and ownership of any and all environmental credits associated with your RE System will be assigned to us when we make payment of the Credit Purchase Payment to you. Thereafter, we will have exclusive title to and ownership of all such environmental credits. The calculation, use and retirement of any and all environmental credits will be in our sole and exclusive discretion. Your acceptance of the Credit Purchase Payment operates as your waiver and relinquishment of any right, title, claim or interest in the environmental credits and entitles APS to any and all environmental credits associated with your RE System from the Effective Date of this Agreement through the date that is twenty (20) years following the Commissioning Deadline (as defined below).

#### **11. CREDIT PURCHASE PAYMENT**

We will pay you the Credit Purchase Payment as a one-time payment in exchange for the transfer of environmental credits to APS as described in Paragraph 10 above. The amount of the Credit Purchase Payment can be viewed at [aps.com/renewables](http://aps.com/renewables) or can be requested by calling 602-328-1924.

Credit Purchase Payments made to manufacturers, dealers and installers cannot exceed fifty percent (50%) of the RE System cost basis. Dealers or installers cannot include the cost of installation in their RE System cost basis. Subject to APS audit, dealers must be able to substantiate what they paid for each system component sold to you. If you are an RE System manufacturer or component manufacturer seeking to participate in this Program as an APS customer (i.e., using your own manufactured components in a system on your Property that will be interconnected with our grid), you will be required to deduct from your System's cost the fair market value of your own products that are included in the installation.

The Credit Purchase Payment represents APS' sole incentive obligation to you under the Program as outlined in this Agreement. When your RE System is fully installed, operational and properly interconnected pursuant to your Interconnection Agreement with APS, you must submit to us a completed Installation Certification form, which can be found at [aps.com/renewables](http://aps.com/renewables). The date on which you submit such form to APS shall be deemed the Commissioning Date for your RE System. Upon APS's receipt of your Installation Certification form and confirmation that you have met all Program requirements, we will issue your Credit Purchase Payment. You may request that our Credit Purchase Payment to you be made directly to your manufacturer, dealer or installer. Your request to receive the Credit Purchase Payment or your request that the Credit Purchase Payment be made to your manufacturer, dealer or installer constitutes your acknowledgement and confirmation that installation of the RE System has been satisfactorily completed at your Property and that the information provided to us on your Reservation Application, or if applicable, your Amended Reservation Application accurately describes the RE System as it was installed at your Property.

The following additional terms and conditions apply to the Credit Purchase Payment:

- The Credit Purchase Payment will not be paid out to you in the event, and for the duration, that your APS account for electrical service is delinquent.
- The Credit Purchase Payment may be subject to full or partial refund, in accordance with Section \_\_\_\_\_ of this Agreement
- You are solely responsible for the payment of any and all taxes applicable to the RE System and/or the Credit Purchase Payment.
- Following our issuance of the Credit Purchase Payment you may not remove, alter or otherwise modify or change your RE System, including, without limitation, the plans, control and protective devices or settings, and in general its specifications, configuration or any facilities related to it. If you do want to make any changes or modifications, we require that you first resubmit plans describing the proposed changes or modifications for our prior review and approval. No such change or modification may be made without our prior written approval.

## 12. OPERATING RESPONSIBILITY; SALE OF PROPERTY; AND CUSTOMER'S REFUND OBLIGATION

Your participation in the Program requires you to operate your RE System continuously for a period of twenty (20) years following the Commissioning Date. If you fail to do so, then you will be considered to be out of compliance with the Program requirements and we will be entitled to take certain actions as described in this Section.

You are required to notify us prior to removing your RE System and must notify us within five (5) business days if you become aware that the RE System is no longer operational (the "Non Commissioning Date").

Liquidated damages apply if you fail to maintain and operate your RE System continuously for a period of twenty (20) years following the Commissioning Date. In such event, APS shall be entitled to an undiscounted pro-rated refund (based on 240 months) of the Credit Purchase Payment Based on the Non Commissioning Date. Payment shall be due by you no later than five (5) business days following your receipt of such refund request by APS.

We may, in our sole discretion, waive the foregoing reimbursement obligation or any other instance of your noncompliance if we determine that the RE System is not operational due to equipment malfunction or other disrepair that is not attributable to you and you are actively and reasonably making diligent, good faith efforts to repair the RE System and return it to operation.

When we receive your reimbursement payment this Agreement will be deemed terminated and neither APS nor you will have any further obligation to each other, but resolution of our respective obligations and rights will continue to be determined by this Agreement until our relationship with one another is finally and completely resolved. If you decide you want to reconnect your RE System to the APS distribution system after this Agreement is terminated, you must complete an interconnection application, sign a new Interconnection Agreement, agree to submit your system to a field inspection, and receive permission to operate from APS prior to re-commissioning your RE System.

There are certain important conditions to keep in mind if you sell the Property where the RE System is located.

- You are required to notify us in writing promptly in the event that you intend to sell your Property.
- If you sell your Property during the term of this Agreement, you are required to have your buyer execute an agreement whereby such buyer will assume your obligations under this Agreement. Such agreement will be provided to you upon request. In the event that your buyer does not timely execute such agreement, you will remain liable for all requirements and obligations under this Agreement notwithstanding the sale of your Property and RE System. In such event, any failure by you or your buyer to operate and maintain the RE system pursuant to the terms of this Agreement will entitle APS to all available remedies, including those set forth in Paragraph \_\_\_\_\_ herein.

### 13. METER READING

APS shall provide and set an electronic, utility-grade electrical meter ("Inverter-Output Meter") on the RE System that is compatible with the APS meter reading and billing systems.

You shall provide, at your expense, a dedicated phone line to each generator meter and also to the facility service entrance section main billing meter and/or sub meters if necessary, as determined by APS. Each dedicated phone line is to be landed on the APS-provided telephone interface module, which is typically, located within two (2) feet of the meter.

You shall be responsible, at your expense, for installing the meter socket and all associated equipment. The location of Inverter-Output meter shall be approved by APS and shall be located so that APS has unassisted access to the meter in accordance with APS requirements including, but not limited to, Section 300 of the APS ESRM ("Electric Service Requirements Manual") and Service Schedule 1 ("Terms and Conditions for Standard Offer and Direct Access Services").

### 14. CUSTOMER INFORMATION

By participating in this Program, you are agreeing that we may use data related to your participation for statistical purposes or other studies. Such data will generally include technical system and production information, but will not include any personal Customer information.

### 15. COMPLIANCE OBLIGATIONS

You are responsible for compliance with any laws, regulations, ordinances or codes that may apply to operation of your RE System and your participation in the Program, as well as site restrictions, whether they are federal, state or local, including, but not limited to, homeowners' association covenants or other local neighborhood requirements.

### 16. CUSTOMER'S INDEMNITY

By participating in the Program, you agree to indemnify, defend and hold us harmless from and against any claims, liability, damages, judgments, fines, penalties, costs, expenses and fees (including reasonable attorneys fees) made against us by third parties with respect to personal injuries (including loss of life) or property damage or loss resulting in whole or in part from the operation, use or failure of your RE System, except to the extent such result is from our sole negligence.

### 17. GOVERNING LAW

These terms and conditions are governed by and interpreted in accordance with the laws of the State of Arizona without giving effect to its principles of conflicts of laws.

### 18. SEVERABILITY

If any provision of this Agreement is found to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of these terms and conditions shall not in any way be affected or impaired thereby.

### 19. EFFECT OF THIS AGREEMENT

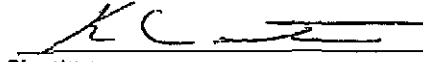
We both agree that this Agreement represents a binding agreement between us pertaining to the subject matter hereof. This Agreement may not be modified or amended in any way except in writing signed by both of us. These terms and conditions do not modify, change or impact any other agreement between us such as that relating to the interconnection of your RE System.

## 20. REGULATORY CHANGES

APS reserves the right to unilaterally file an application with the ACC for a change in our Program or interconnection requirements.

### CUSTOMER

Ken Carter \_\_\_\_\_  
Name (Please Print)

 \_\_\_\_\_  
Signature

03/05/2010 \_\_\_\_\_  
Date

This confirmation information will be completed by APS:

Reservation # \_\_\_\_\_

Reserved Incentive Amount \_\_\_\_\_



Exhibit A  
Reservation Application  
(to be attached upon submission of this Agreement)

**EXHIBIT A-2**

## SOLAR SERVICES AGREEMENT PINNACLE HIGH SCHOOL

THIS SOLAR SERVICES AGREEMENT (this "SSA" or "Agreement") is made and entered into as of this 10 day of March, 2010 (the "Effective Date"), by and between SOLON PV1, LLC, an Arizona limited liability company ("Provider") and Paradise Valley Unified School District No. 69, a political subdivision of the State of Arizona ("Recipient"). Provider and Recipient are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, concurrently herewith, Recipient and Provider are entering that certain Site Lease Agreement (the "Lease") pursuant to which Provider agrees to lease a portion of the Facility (as defined in the Lease) located at 3535 E. Mayo Boulevard, Phoenix, AZ 85050 (the "Premises") as more particularly described in Exhibit A attached hereto.

WHEREAS, in connection with this Agreement, Provider shall, with Recipient's cooperation, design, construct, install, maintain, finance and operate the System, as more particularly described in Exhibit B hereto.

WHEREAS, Provider desires to provide to Recipient, and Recipient desires to purchase from Provider, all of the Solar Services, during the Initial Term in accordance with the terms and conditions of this SSA.

WHEREAS, Recipient has statutory authority to enter into this agreement pursuant to A.R.S. § 15-213.01.

WHEREAS, Recipient has determined that the total amount it will pay Provider for Provider's Solar Services provided herein and calculated on a per kWh basis will be less than the total amount Recipient would otherwise have had to pay without this Agreement to Recipient's Electric Utility Provider for the Premises calculated on a per kWh basis over the expected life of the system or 25 years, whichever is shorter, after the Commercial Operation Date pursuant to A.R.S. §15-213.01(B).

NOW THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Parties agree as follows:

### ARTICLE I DEFINED TERMS; RULES OF INTERPRETATION

1.1 Defined Terms. Capitalized terms, not otherwise defined in the body of the SSA, shall have the meanings ascribed to them in Exhibit C attached hereto.

1.2 Rules of Interpretation. The Rules of Interpretation contained in Exhibit C attached hereto shall apply to this SSA unless expressly provided otherwise in the body hereof.

ARTICLE II  
TERM

2.1 Term. The terms and conditions of this SSA shall be effective and enforceable as of the Effective Date; provided, however, the 20 year initial term of this SSA shall commence on the Commercial Operation Date and shall terminate on the 20th anniversary of the Commercial Operation Date (the "Initial Term"). Following the expiration of the Initial Term the Parties may enter into an extension term upon mutual agreement in writing.

2.2 Conditions Precedent. The obligations of the Provider under this SSA are expressly conditioned upon the satisfaction in full (or written waiver) of all of the following conditions:

- (a) Recipient and Provider shall have entered into the Lease;
- (b) Recipient shall have entered into an interconnection agreement related to the System with APS upon terms and conditions reasonably satisfactory to Provider;
- (c) Provider shall have entered into all applicable contracts required for the System to be placed in service;
- (d) Provider shall have secured project financing sufficient in Provider's sole discretion, to finance the cost of installation of the System and perform the other Solar Services, and, to the extent required pursuant to the applicable financing documentation, Provider shall have reached written agreement with the financing institution pursuant to which Provider assigns some or all of its rights and obligations hereunder to said financing institution (or its designated corporate affiliate) under this SSA;
- (e) It shall have been determined that Provider is not subject to regulation by the ACC as a result of entering into this SSA, or, in Provider's sole discretion, the ACC shall have approved this SSA, including the Solar Services Payment Rate, in form and substance, and shall have sufficiently defined the regulation applicable to Provider as a result of this SSA;
- (f) Recipient shall have, prior to or on the date hereof, (i) entered into an agreement with APS under the Program, in the form attached at Exhibit H, entitling Provider to a CPP in connection with the System's Energy (the "REC Purchase Agreement") in an amount equal to the product of \$2.25 per watt (DC) and the System's installed generating capacity and (ii) assigned all the CPP to Provider;
- (g) All necessary permits, licenses and other approvals required by Applicable Law to design and construct the System have been obtained; and
- (h) Each of the Parties shall have obtained the insurance required under the terms of this SSA or the Lease and provided to the other Party proof of such insurance, pursuant to the terms of this Agreement.

If any one of the conditions precedent above is not satisfied by May 30, 2010, Provider may terminate this Agreement without penalty and without triggering the default provisions of Article

2 or incurring any liability under this Agreement whatsoever. Notwithstanding the foregoing, Provider shall not have any liability to Recipient for a delay in the Commercial Operation Date unless such delay is caused by the negligence, gross negligence, or intentional misconduct of Provider or its agents or subcontractors, in which case Recipient may terminate this Agreement without penalty and without triggering the default provisions of Article 9 or incurring any liability under this Agreement whatsoever.

2.3 Notice of Commercial Operation. Provider shall notify Recipient when the System is capable of Commercial Operation, and shall in such Notice specify to Recipient the Commercial Operation Date. Such notice provided pursuant to this Section 2.3, shall be delivered not less than three (3) Business Days prior to the Commercial Operation Date.

2.4 Removal of System at End of Term. Except as otherwise provided herein, Provider shall remove, within ninety (90) days following the end of the Term, and at Provider's sole cost and expense, the System from the Premises. Provider and its agents, consultants, and representatives shall have access at all reasonable times to the Premises and the System for purposes of such removal. The Provider shall repair any and all damage caused by Provider and its agents in connection with the removal of the System.

2.5 Survival. Effective as of any termination of this SSA, the Parties will no longer be bound by the terms and conditions of this SSA, except (a) to the extent necessary to enforce any rights and obligations of the Parties, including payment obligations, arising under this SSA prior to termination of this SSA, (b) as provided in Section 2.4, and Section 12.4 that the obligations of the Parties under this SSA with respect to indemnification will survive the termination of this SSA and will continue (but only with respect to claims for indemnification based upon events or circumstances occurring or arising on or before the termination of this SSA) for a period of three (3) years following any termination of this SSA.

### ARTICLE III PURCHASE AND SALE; DELIVERY; GOVERNMENTAL CHARGES

3.1 Purchase and Sale of Solar Services. Subject to certain limitations hereunder and the terms and conditions hereunder, Recipient engages Provider to provide the Solar Services to Recipient and Provider agrees to provide the Solar Services to Recipient. Commencing on the Commercial Operation Date and continuing throughout the remainder of the Term, Provider shall make available to Recipient, and Recipient shall take delivery of, at the Delivery Point, all of the Energy Output (100%) produced by the System. Neither Party shall seek to change any of the rates or terms of this Agreement by making a filing or application with any local, state or federal agency with jurisdiction over such rates or terms or exercise any rights a Party may have, if any, to seek changes to such rates or terms during the Term of this Agreement. Neither Party may claim that this SSA is intended to subject Provider to regulation under the ACC or construe the Provider as a "public service corporation" under Arizona law.

3.2 Price. Recipient shall pay Provider for the Solar Services at the applicable Solar Services Payment Rate as set forth on Exhibit D. While the Solar Services are calculated and billed on the basis of KWh of Energy as set forth in Exhibit D, Recipient acknowledges and agrees that such Solar Services represent a package of services as reflected in the definition of

"Solar Services" in Exhibit C. For the sake of clarity, the price per KWh of Energy payment rate herein referred to as the Solar Services Payment Rate has been calculated to, over the term of this SSA, include all the Solar Services performed by Provider under this SSA and does not represent the actual value of the KWh of Energy Output.

3.3 Test Energy. Prior to the Commercial Operation Date, Recipient shall have the right, upon request, to have its representatives present during the testing process. Such representatives shall be subject to the reasonable written rules and procedures as may be established by Provider. Recipient shall pay Provider during the testing phase at a rate equal to the Solar Services Payment Rate that would otherwise be applicable on the Commercial Operation Date.

3.4 Title and Risk of Loss. Title to and risk of loss of the Energy Output will pass from Provider to Recipient at the Delivery Point and Recipient will be deemed to be in exclusive control of the Energy at and from the Delivery Point. Risk of loss related to Energy will transfer from Provider to Recipient at the Delivery Point.

3.5 Governmental Charges.

(a) Recipient shall be responsible for and pay all Governmental Charges imposed directly on it or imposed directly on Provider in connection with or relating to the delivery and sale of Solar Services by Provider to Recipient, whether imposed before, upon or after the delivery of Energy Output to Recipient at the Delivery Point.

(b) Both Parties shall use reasonable efforts to administer this SSA and implement its provisions so as to minimize Governmental Charges. Provider may invoice Recipient for the Governmental Charges described in Section 3.5(a).

(c) In the event any of the sales of Energy or Environmental Attributes hereunder are to be exempted from or not subject to one or more Governmental Charges, promptly upon Provider's request therefore, Recipient shall provide Provider with all necessary documentation to evidence such exemption or exclusion.

3.6 Outages.

(a) Recipient shall be permitted one (1) offline period (each an "Authorized Offline Period") each calendar year (e.g., January to December) during which period Recipient shall not be obligated to accept or pay for Solar Services; provided, however, that Recipient shall provide Provider not less than ten (10) Business Days prior Notice of any such Authorized Offline Period and shall use commercially reasonable efforts to schedule and coordinate such Authorized Offline Period(s) with Provider so as to minimize the loss of Energy Output. An Authorized Offline Period shall not exceed twenty four (24) hours. If, for reasons other than a Force Majeure or an Authorized Offline Period, Recipient causes, directly or indirectly, the temporary suspension or shutdown of the System or the cessation or reduction in the Energy that Provider would have otherwise delivered to the Delivery Point (an "Unauthorized Shutdown") then Recipient shall pay "in lieu" fees to Provider ("Temporary Shutdown Fees") equal to the product of (x) the difference between the Expected Monthly Output (reduced on a pro rata hourly basis for the number of hours in any Authorized Offline Period) for the month in which such

Unauthorized Shutdown occurred and its actual Energy Output and (y) the applicable Solar Services Payment Rate. The calculation of any Temporary Shutdown Fees shall also include the value of any lost payments or forced refunds associated with the Environmental Attributes, including those related to the CPP or the Program, caused by or attributable to the Unauthorized Shutdown. The Temporary Shutdown Fees shall be made to Provider to offset foregone consideration under this SSA and shall not allow Recipient to reduce future payments under this SSA or entitle Recipient to future Energy Output at a later date. Provider shall provide and justify data that reasonably demonstrates the approximate loss of Energy Output that occurred due to the Unauthorized Shutdown. In the event that Recipient reasonably determines that additional information is necessary to support Provider's calculations, Recipient may submit a Notice to Provider, within thirty (30) days of receipt of Provider's calculations, that specifies what information it believes necessary to confirm the accuracy of such calculations. If Recipient does not deliver such Notice for additional information within such thirty-day period, then Recipient shall be deemed to agree to Provider's calculations, including any Temporary Shutdown Fees associated with the same. If Recipient delivers a Notice to Provider for additional information, then the Parties shall work in good-faith to timely agree to the calculations and the Temporary Shutdown Fees associated with the same. If the Parties cannot come to an agreement on such amounts within thirty (30) days of the delivery of Recipient's notice, then the matter shall be submitted to arbitration pursuant to Article 15.

(b) Notwithstanding anything to the contrary herein, Provider shall be entitled to suspend delivery of Energy to the Premises for the purpose of maintaining and repairing any System and such suspension of service by Provider or APS shall not constitute a breach of this SSA or an Unauthorized Shutdown, provided that Provider shall use commercially reasonable efforts to minimize any interruption in service to the Recipient.

3.7 Guaranteed Energy Savings Contract. The parties hereto agree that at all times they will act in accordance with the provisions of A.R.S. §15-213.01. The Provider and Recipient hereby stipulate that the total amount Recipient will pay Provider for Provider's Solar Services provided herein on a per kWh basis will be less than the total amount Recipient would otherwise have had to pay without this agreement to Recipient's Electric Utility Provider for the Premises, calculated on a per kWh basis over the expected life of the system or 25 years, whichever is shorter, after the Commercial Operation Date. Provider and Recipient hereby agree that when calculating the cost savings under this Agreement, the energy baseline shall be adjusted pursuant to A.R.S. § 15-213.01(F)(1) and shall be increased on an annual basis by an amount not less than the Solar Services Price Escalator. The calculation of savings performed pursuant to the provisions of this section ensure compliance with A.R.S. § 15-213.01(J).

#### ARTICLE IV ENVIRONMENTAL ATTRIBUTES

4.1 Title to Environmental Attributes. Notwithstanding the purchase and sale of Solar Services pursuant to Section 3.1, Provider owns all right, title, and interest in and to any and all Environmental Attributes that relate to the Energy Output during the Term; provided, however, it is understood by the parties that APS requires Recipient to enter into the REC Purchase Agreement and the Parties agree that for the purpose of facilitating payment of the CPP to Provider for the Environmental Attributes (during the term of the REC Purchase Agreement) that

Recipient was hereby expressly authorized by Provider to assign and transfer all applicable Environmental Attributes generated by the System to APS consistent with the REC Purchase Agreement. In addition, the Recipient has, prior to or on the date hereof, entered into the REC Purchase Agreement under which Recipient has conveyed title and ownership to the Environmental Attributes to APS for the term of such REC Purchase Agreement in consideration for the CPP and that by the terms and conditions of the REC Purchase Agreement Provider shall receive directly any CPP payments paid by APS under in the REC Purchase Agreement. In the event that Recipient receives any CPP from APS, Recipient agrees that it shall distribute such CPP to Provider along with proper Notice thereof and in no event shall it take longer than seven (7) Business Days to do so. If the REC Purchase Agreement terminates prior to the termination of this SSA then Provider shall, at its sole discretion, have all rights, title and interest to sell or transfer the Environmental Attributes relating to the System or the Energy Output and to enter into any agreement to so consummate.

#### ARTICLE V CONSTRUCTION AND INSTALLATION OF THE SYSTEM

5.1 Installation. Subject to Section 5.2, Provider will cause the System to be designed, engineered, installed and constructed substantially in accordance with the terms of this Agreement, the Lease, the EPC and Applicable Law. Recipient shall be given the opportunity to review and approve all construction plans, such review and approval not to be unreasonably withheld or delayed. If Recipient fails to approve or reject such construction plans within ten (10) Business Days of receipt, such plans shall be deemed to be approved by Recipient. Provider shall procure all materials and equipment for the installation of the System and maintain the same at the Premises. Subject to the terms of the Lease and to the extent commercially practical, Provider shall perform the installation of the System in a manner that minimizes inconvenience to and interference with Recipient. Notwithstanding the foregoing, in the event that Provider determines in its sole discretion that it is unable to install or interconnect the System at the Premises as contemplated hereunder or under the Lease, it shall be under no obligation to do so, and this Agreement shall terminate and be of no further force and effect upon Notice from Provider to Recipient to that effect.

5.2 Utility Approvals. Recipient shall be responsible for and bear all costs associated with applying for and obtaining all permits, licenses and approvals required for the installation, operation, and maintenance of the System. Notwithstanding the foregoing, Provider agrees to assist Recipient in obtaining all necessary permits, licenses and approvals in connection with the installation, operation and maintenance of the System, including but not limited to the preparation of applications for interconnection of the System with APS and applications for the resale of excess power to the APS. Recipient shall not make any material changes to its electrical equipment at the Premises after the date on which the interconnection application is submitted unless any such changes, individually or in the aggregate, would not adversely affect the approval by APS of such interconnection. Should APS or its representatives or agents, or any of state or local inspector fail to approve the interconnection of the System with respect to the Premises or require equipment in addition to the equipment set forth in Exhibit B in connection with the Premises, Provider may terminate this Agreement immediately subsequent to notification from the APS. The Parties shall not be obligated to proceed with the installation or operation of the System if the APS or other regulatory approvals are conditioned upon



material upgrades to the existing electrical infrastructure and neither Party elects to provide for such upgrades.

5.3 Energy Delivery. Provider may commence delivering Energy upon the Commercial Operation Date, provided that Recipient is under no obligation to accept Energy delivered to the Premises unless and until the following have occurred:

(a) Provider shall have obtained, and provided Recipient satisfactory evidence with respect to, insurance coverage for the System consistent with the terms and conditions hereof; and

(b) Provider shall have provided Notice to Recipient that the Commercial Operate Date has occurred.

5.4 Recipient Cooperation and Responsibilities. Recipient will cooperate with Provider and any third parties with whom Provider contracts by providing access to the Premises during working hours without unreasonable restrictions. The Parties shall cooperate in obtaining and maintaining all permits and licenses required for Commercial Operations as further described in Section 5.2.

## ARTICLE VI OWNERSHIP; MAINTENANCE OF SYSTEM

6.1 Ownership of System by Provider. Provider shall own the System, and shall be entitled to own, claim and retain any and all Tax Benefits and REC Financial Incentives. Recipient acknowledges that Provider or its assignee will be seeking to obtain the receipt of Tax Benefits and REC Financial Incentives, and Recipient agrees to cooperate with Provider in any manner requested by Provider with respect to pursuing such items. Recipient expressly disclaims any rights, interest or title to federal, state or local tax, grants or subsidies associated with the System or any other right, title and interests associated with ownership of the System, other than the rights granted hereunder to enter into, and convey Environmental Attributes to APS pursuant to the REC Purchase Agreement.

6.2 Lease of Premises. Pursuant to the terms and conditions of the Lease being entered into concurrently herewith, the Parties acknowledge and agree that Provider is leasing the Premises upon which the System is located and such Lease is necessary for the performance of the Solar Services. The Parties expressly agree that the Lease and the SSA are coterminous and a termination of the Lease shall terminate this SSA.

6.3 Maintenance and Operation of System by Provider.

(a) Provider shall maintain the System in good condition and repair in accordance with applicable contractor, subcontractor and vendor warranties and guarantees and manufacturer's instructions and specifications, all Applicable Laws and applicable standards, and the applicable requirements of the insurance policies maintained by Recipient (copies of which to be provided to Provider) with respect to the System, and the terms of this SSA.

(b) Provider and its agents, consultants, and representatives shall have access at all reasonable times (including under emergency conditions) to the Premises and the System, all System operations, and any documents, materials and records and accounts relating thereto for purposes of inspection and maintenance of the System. During any inspection or maintenance of the System, Provider, and its agents, consultants and representatives shall comply with Recipient's reasonable safety and security procedures, and Provider and its agents, consultants and representatives shall conduct all operation, inspection and maintenance (including repair and replacement activities) in such a manner as to cause minimum interference with Recipient's activities and the activities of Recipient's tenants.

## ARTICLE VII METERING DEVICE AND METERING

7.1 Metering Equipment. Provider shall provide, install, own, operate and maintain a Metering Device for the System.

7.2 Measurements. Readings of the Metering Device shall be conclusive as to the amount of Energy Output; provided that if the Metering Device is out of service, is discovered to be inaccurate pursuant to Section 7.3, or otherwise registers inaccurately, measurement of the Energy Output shall be determined in the following sequence: (a) by estimating by reference to quantities measured during periods of similar conditions when the Metering Device was registering accurately; or (b) if no reliable information exists as to the period of time during which such Metering Device was registering inaccurately, it shall be assumed for correction purposes hereunder that the period of such inaccuracy was equal to one-half of the period from the date of the last previous test of such Metering Device through the date of the adjustments, provided, however, that the period covered by the correction under this Section 7.3 shall not exceed six (6) months.

7.3 Testing and Correction Recipient's Right to Conduct Tests.

(a) Provider shall cause the Metering Device to be tested annually, commencing as of the first anniversary of the Commercial Operation Date. Recipient and its consultants and representatives shall have the right to witness any Metering Device test to verify the accuracy of the measurements and recordings of the Metering Device. Provider shall provide at least twenty (20) calendar days' Notice to Recipient of the date upon which any such test is to occur. Provider shall prepare a written report setting forth the results of each such test, and shall, at the request of Recipient, provide Recipient with copies of such written report not later than thirty (30) calendar days after completion of such test. Provider shall bear the cost of the annual testing of the Metering Device and the preparation of the Metering Device test reports.

(b) Standard of Metering Device Accuracy; Resolution of Disputes as to Accuracy. The following steps shall be taken to resolve any disputes regarding the accuracy of the Metering Device:

(i) If either Party disputes the accuracy or condition of the Metering Device, such Party shall provide the other Party Notice.

(ii) Provider shall, within fifteen (15) calendar days after receiving such Notice from Recipient or issuing such Notice to Recipient, advise Recipient in writing as to Provider's position concerning the accuracy of such Metering Device and Provider's reasons for taking such position.

(iii) If the Parties are unable to resolve the dispute through reasonable negotiations, then either Party may request a test of the Metering Device.

(iv) If the Metering Device is found to be inaccurate by not more than two percent (2%), any previous recordings of the Metering Device shall be deemed accurate, and the Party disputing the accuracy or condition of the Metering Device under Section 7.3(b)(i) shall bear the cost of inspection and testing of the Metering Device.

(v) If the Metering Device is found to be inaccurate by more than two percent (2%) or if such Metering Device is for any reason out of service or fails to register, then (a) Provider shall bear the cost of inspection and testing of the Metering Device and shall promptly cause any Metering Device found to be inaccurate to be adjusted to correct, to the extent practicable, such inaccuracy, and (b) the Parties shall estimate the correct amounts of Energy delivered during the periods affected by such inaccuracy, service outage or failure to register as provided in Section 7.2. If as a result of such adjustment the Energy Output for any period is reduced (the amount of such reduction being, the "Energy Deficiency Quantity") then Provider shall provide Recipient a credit on its next monthly invoice, for the amount paid by Recipient in consideration for such Energy Deficiency Quantity; provided further that if the amount paid by Recipient in consideration for the Energy Deficiency Quantity exceeds the amount otherwise payable by Recipient with respect to such invoice, such excess shall be carried forward and applied as a credit against the amount otherwise payable by Recipient with respect to the next succeeding invoice. If as a result of such adjustment the Energy Output for any period is increased (such increase being the "Energy Surplus Quantity"), Provider shall invoice Recipient for the Energy Surplus Quantity at the Solar Services Payment Rate applicable to each of the month(s) in which such Energy Surplus Quantity was delivered on its next monthly invoice and Recipient shall pay such amount as set forth in Article 10.

#### ARTICLE VIII

##### LOSS, DAMAGE OR DESTRUCTION OF SYSTEM; INSURANCE; FORCE MAJEURE

8.1 System Loss. Subject to Section 12.1 and Section 12.5 of this Agreement, Provider shall bear the risk of any System Loss.

(a) In the event of any System Loss that, in the reasonable judgment of Provider, results in less than total damage, destruction or loss of the System, this SSA will remain in full force and effect and Provider shall have option, at Provider's absolute and sole discretion and sole cost and expense, to repair or replace the System as quickly as practicable. Provider shall be entitled to all proceeds of insurance with respect to the System.

(b) In the event of any System Loss that, in the reasonable judgment of Provider, results in total damage, destruction or loss of the System, Provider shall, within twenty (20) Business Days following the occurrence of such System Loss, notify Recipient whether

Provider is willing, notwithstanding such System Loss, to repair or replace the System. In the event that Provider notifies Recipient that Provider is not willing to repair or replace the System, this SSA will terminate automatically effective upon the delivery of such Notice, and Provider shall be entitled to all proceeds of insurance with respect to the System.

## 8.2 Insurance.

(a) Provider shall maintain without interruption insurance policies of the types and in the amounts and for the duration set forth in Exhibit F hereto.

(b) Recipient shall maintain without interruption insurance policies of the types and in the amounts and for the duration set forth in Exhibit G hereto.

(c) Each Party shall furnish the other Party certification of insurance reasonably acceptable to such other Party prior to the date on which such insurance is required pursuant to Exhibit F or Exhibit G, as applicable. Such certification shall certify that unless otherwise permitted under this SSA or the Lease, coverages obtained under such policies will not be cancelled or allowed to expire by the applicable Party furnishing the certification without prior thirty (30) days Notice to the other Party, except that there shall be ten (10) days Notice provided in the event that such policies are canceled due to non-payment of premiums.

(d) The provisions of this SSA shall not be construed so as to relieve any insurer of its obligation to pay any insurance proceeds in accordance with the terms and conditions of valid and collectible insurance policies. The respective liability of each Party as agreed to pursuant to the terms and conditions of this SSA shall not be limited by the amount of insurance coverage required to be obtained by each Party.

8.3 Performance Excused by Force Majeure. To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this SSA and such Party (the "Claiming Party") gives Notice to the other Party as soon as practicable (and in any event within five (5) Business Days after the Force Majeure first prevents performance by the Claiming Party), such Notice to include the details of the Force Majeure and the steps the Claiming Party is taking to mitigate the effects thereof, then the Claiming Party will be excused from the performance of its obligations under this SSA (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure, and except as otherwise provided in Section 8.1). The Claiming Party will use commercially reasonable efforts to mitigate, eliminate or avoid the effects of the Force Majeure and resume performing its obligations; provided, however, that neither Party shall be required to settle any strikes, lockouts or similar disputes except on terms acceptable to such Party, in its sole discretion. Except as otherwise provided in Section 8.1, the non-Claiming Party will not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

8.4 Recipient's Covenants. As a material inducement to Provider's execution of this SSA, Recipient covenants and agrees as follows:

(a) Health and Safety. Recipient shall at all times maintain the areas of the Premises consistent with all Applicable Laws pertaining to the health and safety of persons and property.

(b) Security. Recipient shall provide and take reasonable measures for security of the System, including commercially reasonable monitoring of the Premises alarms, if any.

(c) Damages. Recipient shall promptly notify Provider of any matters it is aware of pertaining to any damage to or loss of the use of any System or that could reasonably be expected to adversely affect the System. Recipient shall use commercially reasonable efforts to eliminate or control pests that could cause damage to or could reasonably be expected to adversely affect the System. As used in the foregoing sentence, "Pests" shall include, but not be limited to, birds, animals, rodents, vermin and insects.

(d) Liens. Recipient shall not directly or indirectly cause, create, incur, assume or suffer to exist any mortgage, pledge, lien (including mechanics', labor or materialman's lien), charge, security interest, encumbrance or claim of any nature ("Liens") on or with respect to the System or any interest therein. Recipient also shall pay promptly before a fine or penalty may attach to any System any taxes, charges or fees of whatever type of any relevant Governmental Authority for which Recipient is responsible. If Recipient breaches its covenant under this Section, it shall immediately notify Provider in writing, shall promptly cause such Lien to be discharged and released of record without cost to Provider, and shall indemnify Provider against all costs and expenses (including reasonable attorneys' fees and court costs at trial and on appeal) incurred in discharging and releasing such Lien.

(e) Consents and Approvals. Recipient shall obtain and maintain, and secure and deliver to Provider copies of, all consents, approvals, permits, licenses, and authorizations relating to the performance of Recipient's obligations and the rights granted by Recipient hereunder, and that are required by the terms, conditions or provisions of any restriction or any agreement or instrument to which Recipient is a party or by which Recipient is bound, including completing applications for interconnection with APS.

(f) Maintenance of Interconnection. Recipient shall ensure that the Premises and the System shall remain interconnected to the electrical grid during the entire Term, except as specifically permitted under this Agreement. Recipient and its agents or representatives shall not interfere with the operation of the System, other than in circumstances where the continued operation of the System would pose an imminent threat of bodily injury or property damage.

(g) Recipient Maintenance Removal. If for any reason Recipient determines that all or a portion of the System must be removed from the roof for maintenance of the roof or any appurtenances thereto at any time during the term of this Agreement then such removal of the system ("Recipient Maintenance Removal") will be governed by the provisions of Section 3.6 of this Agreement unless modified in this Section. Recipient shall provide Provider not less than ten (10) Business Days prior Notice of any Recipient Maintenance Removal and shall use commercially reasonable efforts to schedule and coordinate any Recipient Maintenance Removal with Provider so as to minimize the loss of Energy Output. Recipient shall not engage party other than Provider to perform any Recipient Maintenance Removal without the express written consent of Provider. All of the costs of any Recipient Maintenance Removal and re-installation are the sole responsibility of the Recipient.

(h) Insolation. Reference is made to Section 6(f) of the Lease.

(i) Recipient Records. Recipient shall keep complete and accurate records of its operations or obligations hereunder. Provider shall have the right to examine all such records insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of any statements of costs, expense or other obligations relating to transactions hereunder.

#### ARTICLE IX EVENTS OF DEFAULT; REMEDIES

9.1 Events of Default. An "Event of Default" means, with respect to a Party (a "Defaulting Party"), the occurrence of any of the following:

(a) the failure to make, when due, any payment required under this SSA if such failure is not remedied within five (5) Business Days;

(b) the failure to perform any material covenant or obligation set forth in this SSA (except to the extent constituting a separate Event of Default), if such failure is not remedied within sixty (60) days after receipt of Notice; provided, however, that if such material covenant or obligation may be cured, but not within such sixty (60) day period, and the Defaulting Party has commenced curing such default and is at all times diligently pursuing the cure thereof, such further period as may be necessary to effect such cure shall be provided for hereunder;

(c) such Party becomes Bankrupt;

(d) such Party fails to provide or maintain in full force and effect any required insurance coverage, if such failure is not remedied within fifteen (15) Business Days after receipt of Notice from the Non-Defaulting Party to the Defaulting Party; provided however that if Defaulting Party can provide evidence that all substantial actions within the Provider's direct control have taken place to remedy such lapse in coverage within the ten (10) Business Day cure period then an Event of Default under this provision shall not have occurred until thirty (30) Business Days have transpired since the receipt of Notice without the requisite coverage being implemented; or

(e) any Event of Default under, or termination of, the Lease.

9.2 Remedies for Event of Default. If an Event of Default has occurred (and has not been cured if provided for under Section 9.1), the non-defaulting Party (the "Non-Defaulting Party") will, without limiting any other rights or remedies available to the Non-Defaulting Party under this SSA or Applicable Law, have the right:

(a) by Notice to the Defaulting Party, to designate a date of early termination of this SSA ("Early Termination Date"), with such Early Termination Date to occur not earlier than five (5) Business Days from the date of such Notice, other than in the case of an Event of Default under Section 9.1(c), in which case the termination may be immediate.

(b) to withhold any payments due to the Defaulting Party with respect to obligations performed from and after the date that an Event of Default has occurred; and

(c) to suspend any of its performance or obligations under this SSA (other than payments due to Defaulting Party for obligations performed prior to the date of an Event of Default).

In the event that the Non-Defaulting Party designates an Early Termination Date pursuant to Section 9.2(a) above, this SSA will terminate as of the Early Termination Date. The Parties hereby agree that except for a termination of the Lease which will automatically terminate this SSA, an Event of Default will not automatically terminate this SSA absent a Non-Defaulting Party Notice of such Party's intention to set an Early Termination Date.

**9.3 Recipient Rights Upon Termination for Default.** In the event that Recipient is the Non-Defaulting Party, and Recipient elects to terminate this SSA as provided in Section 9.2, Recipient will be entitled, in its sole and absolute discretion, either to:

(a) require that Provider remove the System (or to remove the System if Provider fails to remove the System within thirty (30) Business Days after the Early Termination Date, in which case the Recipient must use commercially reasonable efforts to store the System with due care and Provider is obligated to reimburse Recipient for all reasonable costs and expenses related to removing and/or storing the System), or

(b) exercise the Purchase Option provided in Section 13.1.

**9.4 Provider Rights Upon Termination for Default.** In the event that Provider is the Non-Defaulting Party, and that Provider elects to terminate this SSA as provided in Section 9.2, Provider will be entitled to, in its sole and absolute discretion, either to:

(a) demand payment from the Recipient of the applicable Termination Payment for the System, as reflected in Exhibit E, with such payment to be made immediately by Recipient upon demand by Provider in readily available funds (upon payment of which Provider will transfer all of its right, title and interest in the System Assets to Recipient, free and clear of all liens); or

(b) remove the System from the Premises, and demand payment from Recipient of (i) the costs to remove the System from the Premises and install the System at one or more new locations, (ii) the product of the Expected Monthly Output for a period of nine (9) months and the applicable Solar Services Payment Rate, (3) the amount of any refund of the CPP due to APS under the terms of the Program and (4) all other amounts otherwise due and payable to Provider hereunder as of the Early Termination Date. Termination of this SSA, removal of the System and payment of the amounts due pursuant to this Section 9.4(b) shall take place within forty-five (45) Business Days after Provider's Notice to Recipient of its election to exercise its option to remove the System.

**9.5 Remedies Cumulative.** The rights and remedies contained in this Article 9 are cumulative with the other rights and remedies available under this SSA or at law or in equity and an election of remedy provided in either Section 9.3 or Section 9.4 does not prevent the Non-Defaulting Party from seeking any other damages and remedies at law or in equity.

9.6 Unpaid Obligations. The Non-Defaulting Party shall be under no obligation to prioritize the order with respect to which it exercises anyone or more rights and remedies available under this SSA. Notwithstanding anything to the contrary herein, the Defaulting Party shall in all events remain liable to the Non-Defaulting Party for any amount payable by the Defaulting Party in respect of any of its obligations remaining outstanding after any such exercise of rights or remedies.

## ARTICLE X INVOICING AND PAYMENT

10.1 Invoicing and Payment. Billing shall be conducted consistent with Provider's usual and customary practices, as may change from time to time. All invoices under this SSA will be due and payable not later than thirty (30) days after receipt of the applicable invoice ("Due Date"). All payments hereunder shall be made without setoff or deduction. Recipient will make payment by mutually agreeable methods, to the account designated by Provider. Any amounts not paid by the applicable Due Date will accrue interest at the Interest Rate until paid in full.

10.2 Disputed Amounts. Recipient may in good faith dispute the correctness of any invoice (or any adjustment to any invoice) under this SSA at any time within fifteen (15) days following the delivery of the invoice (or invoice adjustment). In the event that Recipient disputes any invoice or invoice adjustment, Recipient will nonetheless be required to pay the full amount of the applicable invoice or invoice adjustment (except any portions thereof that are manifestly inaccurate or are not reasonably supported by documentation, payment of which amounts may be withheld subject to adjustment as hereinafter set forth) on the applicable payment Due Date, except as expressly provided otherwise elsewhere in this SSA, and to give Notice of the objection to the Provider. If Provider notifies Recipient in writing within fifteen (15) days of receipt of such Notice that Provider disagrees with the allegation of error in the invoice, the Parties shall meet, by telephone conference call or otherwise, within ten (10) days of Provider's response for the purpose of attempting to resolve the dispute. If the Parties are unable to resolve the dispute within thirty (30) days after such initial meeting, such dispute shall be submitted to arbitration as set forth in Article XV. Any required payment after such arbitration will be made within five (5) Business Days after resolution of the applicable dispute, together with interest accrued at the Interest Rate from the due date to the date paid.

10.3 Provider Records and Audits. Provider shall retain all records relating to this Agreement for five (5) years after termination of this Agreement, and all such records shall be subject at all reasonable times to inspection and audit by Recipient for five (5) years after termination of this Agreement.

10.4 Adjustments to Contract Price. In the event there is any change in Applicable Law, the result of which is to materially increase Provider's costs to provide the Solar Services, Provider will promptly submit to Recipient a written notice setting forth (a) a description of the change in Applicable Law, (b) the manner in which such change in Applicable Law has changed or will materially change Provider's costs to provide the Solar Services, including reasonable computations in connection therewith and (c) Provider's proposed adjustment to the Solar Services Payment Rate payable by Recipient to reflect such expected material changes in



Provider's costs. Recipient agrees to pay an adjustment in the Solar Services Payment Rate such that the new rate compensates Provider for the total cost increase (factoring in no additional profit) related to the change in Applicable Law, which adjustment shall remain in effect over the remaining years of the Term of this SSA or until the Applicable Law that caused the increase in costs is altered, repealed, or made inapplicable to the provision of the Solar Services. The Parties further acknowledge that changes may occur in APS' billing procedures or rates, or the application or availability of credits, offsets, reductions, discounts or other benefits other than those directly related to the Energy Output. Except as otherwise conveyed to APS in consideration for the payment of the CPP, any and all credits, reductions, discounts, historical pricing or other type of benefit made available by APS, Governmental Authority or from any other source, whether arising directly or indirectly from the System or the Energy Output belong to Provider and Recipient shall immediately pay over to Provider any such amounts that may have been received by Recipient and in no event shall it take longer than seven (7) Business Days to do so.

10.5 Effect of Termination of Agreement. Upon the termination or expiration of this SSA, any amounts then owing by a Party to the other Party shall become immediately due and payable and the then future obligations of each Party under this SSA shall be terminated (other than the indemnity obligations set forth in Section 13). Such termination shall not relieve either Party from obligations accrued prior to the effective date of termination or expiration.

## ARTICLE XI

### REPRESENTATIONS AND WARRANTIES; RECIPIENT ACKNOWLEDGEMENT

11.1 Representations and Warranties. Each Party represents and warrants to the other Party that:

(a) the execution, delivery and performance of this SSA are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in (i) its governing documents, (ii) material contracts to which it is a party or (iii) to such Party's knowledge, any law, rule, regulation, order or the like applicable to it;

(b) subject to all conditions precedent described herein, this SSA and each other document executed and delivered in accordance with this SSA constitutes its legally valid and binding obligation enforceable against it in accordance with its terms (subject to any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies); and

(c) it (i) understands and accepts, the terms, conditions and risks of this SSA, (ii) is not relying upon the advice or recommendations of the other Party in entering into this SSA and agrees that the other Party is not acting as a fiduciary for or an adviser to it or its Affiliates and (iii) has been advised by its own independent legal counsel in connection with the negotiation of this SSA.

11.2 Acknowledgements Regarding Bankruptcy Code. Recipient acknowledges and agrees that, for purposes of this SSA, Provider is not a "utility" as such term is used in Section 366 of the Bankruptcy Code, and Recipient agrees to waive and not to assert the

applicability of the provisions of Section 366 in any bankruptcy proceeding wherein Recipient is a debtor. The Parties acknowledge and agree that the transactions contemplated under this Agreement constitute a "forward contract" within the meaning of the United States Bankruptcy Code, and the Parties further acknowledge and agree that each Party is a "forward contract merchant" within the meaning of the United States Bankruptcy Code.

11.3 Use of Energy. Recipient represents and warrants that none of the electricity to be generated by the System will be used to generate energy for the purpose of heating a swimming pool.

11.4 Budgeting. To the extent permitted by law Recipient agrees to include the payments required to fulfill its obligations under this Agreement in any annual (or other) budget submitted for approval by the appropriate governing body and to take all reasonable and necessary action to assure funds are available at all necessary times to satisfy its obligations hereunder. The parties hereto agree that this Agreement is subject to termination without penalty pursuant to A.R.S. §35-154.

## ARTICLE XII

### INDEMNITY; LIMITATIONS; TAX BENEFITS & REC FINANCIAL INCENTIVES

12.1 Indemnity. To the extent allowable by law, each Party (the "Indemnitor") hereby indemnifies and agrees to defend and hold harmless the other Party (the "Indemnatee") from and against any and all Indemnity Claims, whether or not involving a third-party claim, caused by, resulting from, relating to or arising out of (i) any material breach of this SSA or the Lease by the Indemnitor or any of its directors, officers, employees or agents or (ii) any gross negligence or intentional misconduct on the part of the Indemnitor or any of its directors, officers, employees or agents; provided, however, that the Indemnitor will not have any obligation to indemnify the Indemnatee from or against any Indemnity Claims to the extent caused by, resulting from, relating to or arising out of the negligence or intentional misconduct of the Indemnatee or any of its directors, officers, employees or agents. Notwithstanding the foregoing, Provider's total liability hereunder for indemnity shall in all respects be limited to the amounts paid to it hereunder during the most recent twenty four (24) month period and Recipient's total liability hereunder for indemnity shall in all respects be limited to the maximum Termination Payment payable under this SSA. For the sake of clarity, the Parties indemnification limitations in the foregoing sentence do not in anyway limit (in amount or coverage) each Party's ability to avail itself of the other Party's insurance coverage obtained in connection with this SSA.

12.2 No Consequential Damages. Nothing in this SSA or the Lease is intended to cause either Party to be, and neither Party shall be, liable to the other Party for any lost business, lost profits or revenues from others or other special or consequential damages, all claims for which are hereby irrevocably waived by the Parties. Notwithstanding the foregoing, neither the payments for the provision of Solar Services, nor any Temporary Shutdown Fees or Terminations Payment, nor any payment pursuant to Section 12.15 hereof shall be deemed consequential damages.

12.3 Notice of Claims. Where Recipient seeks indemnification hereunder (the "Indemnified Party") the Recipient shall deliver to the Provider (the "Indemnifying Party") a

Notice describing the facts underlying its indemnification claim and the amount of such claim (each such notice a "Claim Notice"). Such Claim Notice shall be delivered promptly to the Indemnifying Party after the Indemnified Party receives notice that an action at law or a suit in equity has commenced; provided, however, that failure to deliver the Claim Notice as aforesaid shall not relieve the Indemnifying Party of its obligations under this SSA, except to the extent that such Indemnifying Party has been materially prejudiced by such failure. Where Provider seeks indemnification from Recipient hereunder, the provisions of A.R.S. § 12-821.01 apply.

12.4 Indemnity Survival. To the extent that this provision does not conflict with A.R.S. § 12-821.01 or other applicable law, the provisions of this Article XII shall survive the expiration or termination of this SSA for a period of three (3) years from such termination date.

12.5 Tax Benefits. In the event that (i) Recipient has terminated this SSA prior to the end of the Initial Term for any reason other than an Event of Default by Provider, (ii) Recipient fails to act in good faith in completing documentation or taking actions reasonably requested by Provider, and such failure is the primary reason for the loss of Tax Benefits, or (iii) Provider has terminated this SSA prior to the end of the Initial Term as a result of an Event of Default by Recipient, then (A) Recipient shall pay Provider for any loss or recapture (including the imposition of any interest and penalties) of Tax Benefits actually realized or to be realized by Provider or any assignee of Provider including any direct or indirect equity holders of Provider or such assignee resulting from such termination, as determined by Provider's tax advisor (using a standard of more likely than not); and (B) To the extent allowable by law, Recipient shall indemnify, defend, and hold harmless Provider and any assignee (and any direct or indirect equity holders of Provider or any assignee) from any loss or recapture set forth in this Section 12.5 including any penalties and interest as a result of such termination of the SSA. Notwithstanding the foregoing, in the event that Recipient pays the Termination Payment in connection with a termination of this SSA and such portion of the payment that is allocated to the Tax Benefits recapture or loss offsets all applicable recapture or loss of amounts associated with the Tax Benefits then such payment will be deemed to satisfy Recipient's obligations hereunder.

### ARTICLE XIII SYSTEM PURCHASE AND SALE OPTIONS

13.1 Grant of Purchase Option. Recipient may elect to purchase the System Assets (the "Purchase Option") at the end of the tenth (10<sup>th</sup>), and fifteenth (15<sup>th</sup>) contract year and on the expiration of the Initial Term (the "Purchase Option Date"), provided a Event of Default of Recipient shall have not occurred and be continuing (the "Purchase Option"). Recipient shall provide an irrevocable Notice to Provider not less than one-hundred and eighty (180) days prior to the Purchase Option Date to exercise its Purchase Option (a "Purchase Option Notice"). If Recipient elects a Purchase Option, the purchase price shall be the greater of the (i) then Fair Market Value of the System Assets on the Purchase Option Date, or (ii) the then applicable Termination Payment (the "Purchase Option Price"). The "Fair Market Value" of the System Assets shall be the value determined by (i) the mutual agreement of Recipient and Provider within thirty (30) Business Days of the date of the Purchase Option Notice, or (ii) absent such mutual agreement, an Independent Appraiser in accordance with the procedure set forth in this Article.

13.2 Selection of Independent Appraiser. Absent mutual agreement of the Parties within thirty (30) Business Days of the date of the Purchase Option Notice of the Fair Market Value, the Parties shall as soon as reasonably practicable formally convene a meeting to select an Independent Appraiser to determine the Fair Market Value of the System Assets. If Provider and Recipient are unable to agree upon the appointment of an Independent Appraiser within fifteen (15) Business Day of the formal meeting to select such Independent Appraiser, then the Provider shall select the Independent Appraiser from a list prepared by Recipient of four (4) nationally recognized independent appraisers with experience and expertise in the solar photovoltaic industry to value such equipment. Such appraiser shall act reasonably and in good faith to determine the Fair Market Value and shall set forth such determination in a written opinion delivered to the Parties. The valuation made by the appraiser shall be binding on the Parties in the absence of fraud or manifest error.

13.3 Transfer of System Assets. The Independent Appraiser shall, within twenty (20) Business Days of appointment, make a determination of the Fair Market Value of the System Assets and such determination shall be binding on both Parties (the "Final Determination"). Upon the Purchase Option Date, Recipient shall pay Provider the Purchase Option Price (together with all other amounts owed by Recipient under this SSA or the Lease) in the form of certified check, bank draft or wire transfer. Upon receipt by Provider of the Purchase Option Price, title to the System Assets shall transfer to Recipient "as-is, where-is" and free and clear of all liens and Recipient shall assume all liabilities arising from or related to the System Assets from and after the date of transfer of the System Assets.

13.4 Costs and Expenses of Independent Appraiser. Provider and Recipient shall each be responsible for payment of one half of the costs and expenses of the Independent Appraiser and shall also each be responsible for any of their own costs and expenses incurred in connection with the exercise of the Purchase Option.

#### ARTICLE XIV CONFIDENTIALITY

14.1 Confidentiality. Subject to Arizona's public records law, Recipient agrees not to disclose information designated by Provider as Confidential Information to any third party except for Recipient's officers, employees, or legal counsel. Notwithstanding the foregoing, Recipient may disclose Confidential Information to comply with the requirements of any Applicable Law or in connection with any judicial or regulatory proceeding or request by a governmental authority. Recipient shall determine in its sole discretion whether any document or information provided to Recipient by Provider, including information designated by Provider as Confidential Information, constitutes a public record or other matter that must be disclosed under Arizona's public records law.

#### ARTICLE XV MARKETING AND PROMOTION

15.1 Marketing and Promotion. Notwithstanding the foregoing, Provider shall have the right to promote the installation, operation, existence and usage of the system (and its and Recipient's involvement therein) through any means, including press releases, case studies,

published material, Internet websites and sales literature, subject to the provisions set forth in the Section 15 and the criteria of the Program, provided, however that any marketing materials regarding the System shall be subject to recipient's prior written consent, such consent not to be unreasonably withheld or delayed.

## ARTICLE XVI NOTICES

16.1 Notices. Any notices, requests, statements or payments ("Notices") will be made to the addresses and persons specified below. All Notices will be made in writing except where this SSA expressly provides that notice may be made orally. Notices required to be in writing may be delivered by hand delivery, overnight delivery, facsimile, or e-mail (so long as a copy of such e-mail notice is provided immediately thereafter in accordance with the requirements of this section by hand delivery, overnight delivery, or facsimile). Notice by facsimile will (where confirmation of successful transmission is received) be deemed to have been received on the day on which it was transmitted (unless transmitted after 5:00 p.m. at the place of receipt or on a day that is not a Business Day, in which case it will be deemed received on the next Business Day). Notice by hand delivery or overnight delivery will be deemed to have been received when delivered. Notice by e-mail will be deemed to have been received when such e-mail is transmitted, so long as a copy of such e-mail notice is delivered immediately thereafter by hand delivery, overnight delivery, or facsimile. When Notice is permitted to be provided orally, notice by telephone will be permitted and will be deemed to have been received at the time the call is received. A Party may change its address by providing notice of the same in accordance with the provisions of this section.

If to Recipient:

Paradise Valley Unified School District  
Attn: Ken Carter  
15002 N. 32<sup>nd</sup> St.  
Phoenix, AZ  
Phone: 602-4492071

If to Provider:

SOLON PVI LLC  
Attn: Brian Slayne  
6950 S Country Club Rd  
Tucson, AZ 85756  
Phone: (520) 807-1300  
Facsimile: (520) 807-4046

ARTICLE XVII  
ASSIGNMENT; BINDING EFFECT

17.1 Assignment; Binding Effect. Recipient shall not assign this SSA or the Lease without the prior written consent of Provider and any such attempted assignment shall be *void ab initio*. Provider shall be permitted to assign this SSA and the related Lease upon not less than five (5) Business Days prior Notice thereof to Recipient. Any permitted assignee must assume and agree to be bound by all of the obligations, liabilities and duties of the assigning Party under this SSA and the related Lease.

17.2 Cooperation with Financing. Recipient acknowledges that Provider will be financing the acquisition, installation and/or operation of the System through a lessor, lender, investors or with financing accommodations (including a sale/leaseback or third party investment or purchase) from one or more financial or banking institutions ("Financiers") and that the Provider may lease, sell or assign the System and their rights under this SSA and the Lease and/or may secure the Licensee's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the System. Notwithstanding any instructions to the contrary from Provider, Recipient will recognize Financiers, or any third party to whom Financiers has reassigned their rights to and any Financier (or its assignee) is fully entitled to receive the rights and benefits hereunder and under the Lease so long as such party performs the obligations of Provider hereunder. Recipient agrees that it shall cooperate with Provider and Financiers in connection with such financing of the System, including (a) the furnishing of such information, (b) the giving of such certificates, and (c) providing such opinions of counsel and other matters as Provider and its financing parties may reasonably request. In addition, at Provider's request, Recipient shall amend this SSA or the Lease to include any provision that may reasonably be requested by an existing or proposed Financier, and shall execute such additional documents as may reasonably be required to evidence such Financier's rights hereunder; provided, however, that such amendment is not contrary to any applicable law and shall not materially impair the rights or materially increase the burdens or obligations of Recipient under this SSA or the Lease, or extend the term of this SSA beyond the Initial Term. In addition, reference is made to Section 14 of the Lease which sets forth other provisions benefiting Financiers.

17.3 Assignment of Warranties or Supply Contracts. In the event Recipient exercises the Purchase Option pursuant to Article 13, to the extent transferable under the applicable warranty, Provider will transfer the remaining period, if any, on all warranties for the System (and any component parts thereof) to Recipient at Recipient's sole expense. In addition, Provider shall also assign any equipment, maintenance, operations or supply contracts pertaining to the System Assets or the System operation.

ARTICLE XVIII  
MISCELLANEOUS

18.1 Governing Law/Venue. This SSA and the Lease will be governed by the laws of the State of Arizona without giving effect to principles of conflicts of laws. Venue for any litigation arising from this Agreement or the Lease shall only be proper in a competent court located in Phoenix, Arizona.

18.2 Entire Agreement; Amendments. This SSA, the Lease and the Lease (including the exhibits, any written schedules, supplements or amendments thereto) constitute the entire understanding between the Parties, and shall supersede any prior oral or written agreements between the Parties, relating to the subject matter hereof. Any amendment, modification or change to this SSA will be void unless in writing and signed by both Parties.

18.3 Non-Waiver. No failure or delay by either Party in exercising any right, power, privilege, or remedy hereunder will operate as a waiver thereof. Any waiver must be in a writing signed by the Party making such waiver.

18.4 Severability. If any part, term, or provision of this SSA is determined by an arbitrator or court of competent jurisdiction to be invalid, illegal, or unenforceable, such determination shall not affect or impair the validity, legality, or enforceability of any other part, term, or provision of this SSA, and shall not render this SSA unenforceable or invalid as a whole. Rather the part of this SSA that is found invalid or unenforceable will be amended, changed, or interpreted to achieve as nearly as possible the same objectives and economic effect as the original provision, or replaced to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision, within the limits of Applicable Law or applicable court decisions, and the remainder of this SSA will remain in full force.

18.5 No Third Party Beneficiaries. Nothing in this SSA will provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy or right of any kind.

18.6 No Recourse to Affiliates. This SSA is solely and exclusively between the Parties, and any obligations created herein on the part of either Party shall be the obligations solely of such Party. No Party shall have recourse to any parent, subsidiary, partner, member, Affiliate, lender, director, officer or employee of the other Party for performance or non-performance of any obligation hereunder, unless such obligations were assumed in writing by the Person against whom recourse is sought.

18.7 Relationships of Parties. This SSA shall not be interpreted to create an association, joint venture, or partnership between the Parties nor to impose any partnership obligation or liability upon either Party.

18.8 Counterparts. This SSA may be executed in several counterparts, each of which is an original and all of which together constitute one and the same instrument. A signature on a copy of this SSA received by either Party by facsimile is binding upon the other Party as an original. Both Parties agree that a photocopy of such facsimile may also be treated by the Parties as a duplicate original.

18.9 Further Assurances. The Parties shall do such further acts, perform such further actions, execute and deliver such further or additional documents and instruments as may be reasonably required or appropriate to consummate, evidence, or confirm the agreements and understandings contained herein and to carry out the intent and purposes of this SSA.

18.10 Service Contract. It is the intention of the Parties that the provisions in this SSA and the Transactions, taken as a whole, shall meet all of the requirements set forth in Section 7701(e)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), and any

related Treasury Regulations and IRS administrative pronouncements, so that the SSA and the Transactions, taken as a whole, are deemed to be treated as a "service contract" and not as a "lease" pursuant to Code Section 7701(e). In the event that the provision of this SSA fail to comply with the requirements set forth in Code Section 7701(e)(4), then any such provision shall be of no force or effect and shall be subject to modification by Provider, in its sole discretion, to comply with Code Section 7701(e)(4); provided, however, that no such modifications shall serve to increase the Solar Services Payment Rate or any other amount payable by Recipient hereunder or under the Lease or otherwise increase in any material respect Recipient's other obligations under the Transactions.

18.11 Construction of Agreement. This Agreement and any ambiguities or uncertainties contained herein shall be equally and fairly interpreted for the benefit of and against the Parties and shall further be construed and interpreted without reference to the identity of the party or parties preparing this document, it being expressly understood and agreed that the parties hereto participated equally in the negotiation and preparation of this Agreement or have had equal opportunity to do so. Accordingly, the parties hereby waive the legal presumption that the language of the contract should be interpreted most strongly against the party who caused the uncertainty to exist. The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

18.12 Exhibits and Schedules. Any and all exhibits and schedules referenced herein and/or attached hereto are hereby incorporated into this Agreement by reference.

18.13 Termination. This agreement is subject to termination for conflict of interest pursuant to A.R.S. § 38-511.



IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

RECIPIENT

Paradise Valley Unified School District No. 69  
A political subdivision of the State of Arizona

By: [Signature]  
Its: Director of Purchasing

PROVIDER

SOLON PV1, LLC  
An Arizona limited liability company

By: [Signature]  
Its: Vice President Manager

## EXHIBIT A

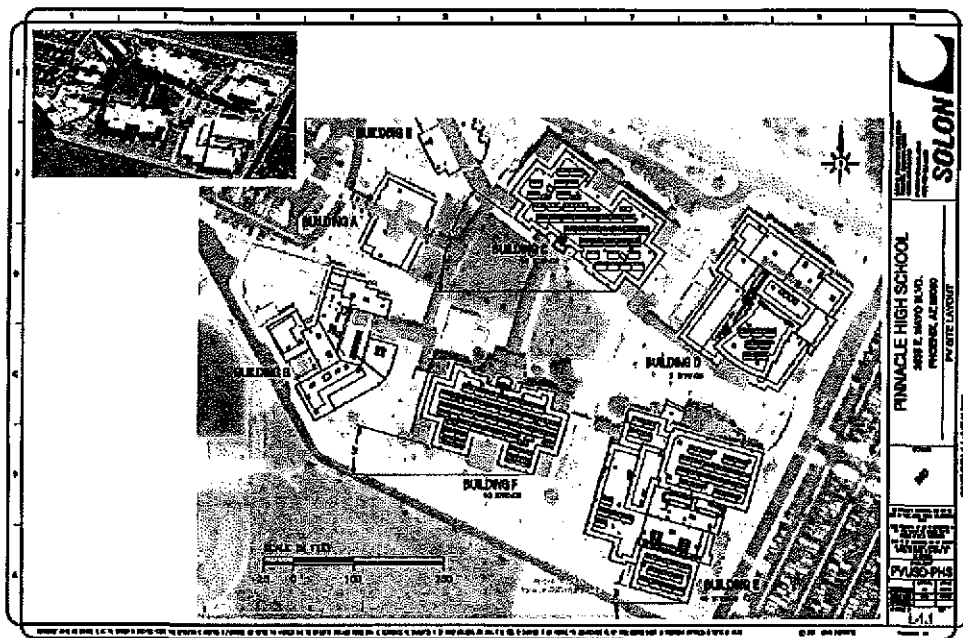
### DESCRIPTION OF PREMISES

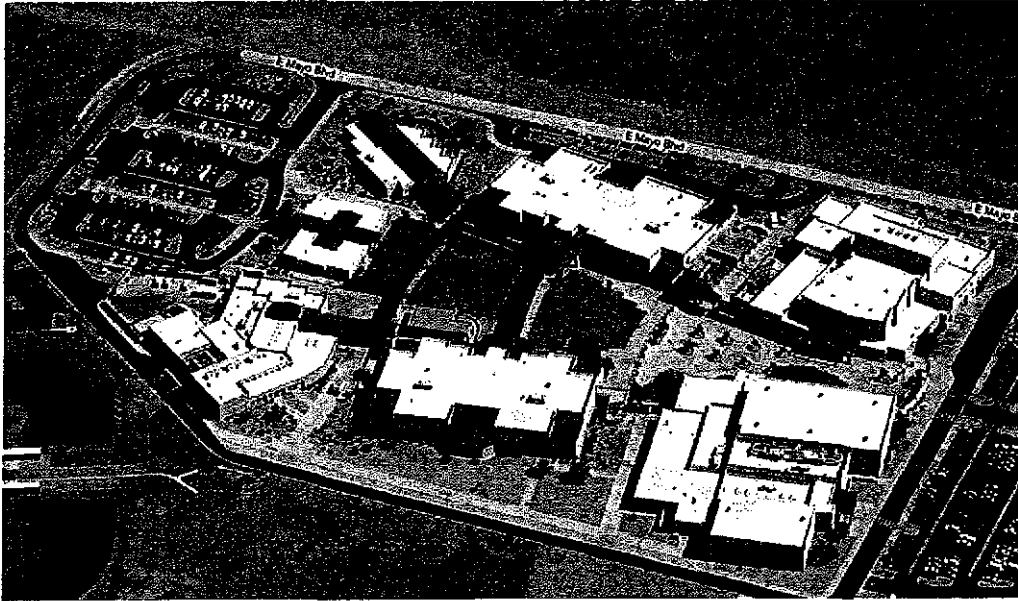
#### Pinnacle High School System

Pinnacle High School property and facilities are located at 3535 E. Mayo Boulevard, Phoenix, AZ 85050. The high school is located within the City of Phoenix. Arizona Public Services currently supplies power to the school.

The proposed solar layout can be seen in the attached layout drawing L-1.1.

The PV modules will be distributed across the following four buildings, Building C, Building D, Building E and Building F. The distribution of modules across buildings will aid in the interconnection of the solar system to the power grid.





**Pinnacle High School**

## EXHIBIT B

### DETAILED DESCRIPTION OF THE SYSTEM

#### Pinnacle High School System

PV modules will be mounted on a roof-mounted ballast system tilted at 15 degrees facing due south. The specific distribution of modules, ballast systems, placement and angle will be determined dependent upon roof spacing limitations and interconnection points.

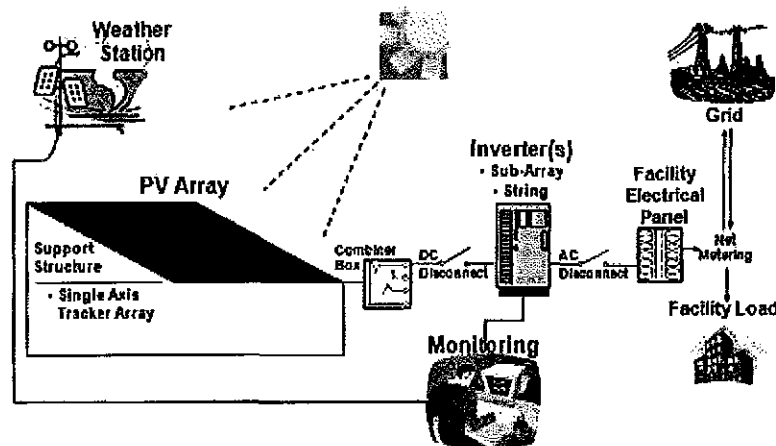
The System installed at the Premises may vary from the System described herein to the extent that during design, engineering and installation the Provider, in its sole and reasonable judgment, determines that reasonable variations are needed or desired to the System.

The System has a nameplate STC rating of 461.7 kWdc and a projected average annual capacity of approximately 392.4 kWac. The System's average annual AC capacity is based on the nameplate rating as adjusted for various factors including wiring, inverter, transformer and other system losses, and expected atmospheric conditions. The System's actual capacity will be weather dependent and highly impacted by ambient temperatures – higher temperatures resulting in lower module efficiency and hence lower system capacity.

The System is projected to generate approximately 795,680 kWh in its first full year of operation (See Projected System Output below for methodology).

#### System Details

The System's principal components include SOLON's standard P225 or 270 PV modules, inverters which are rugged, reliable, low maintenance, and commercial/utility-scale inverters, building specific roof-mounted ballast systems, three weather stations and three data acquisition (DAS) systems. The System may be generically represented as follows:



## Modules

Product Specifications	P225 W Modules	P270 W Modules
Capacity Rating:	225 W <sub>p</sub> ±3%	270 W <sub>p</sub> ±3%
Module Efficiency:	13.72%	13.77%
Dimensions:	1,640 x 1,000 x 42 mm	1,980 x 1,000 x 42 mm
Weight:	23.5 kg	28.5 kg
Junction Box:	1 junction box with 3 bypass diodes	1 Tyco junction box with bypass diodes
Solar Cable:	900 mm x 4 mm <sup>2</sup> , prefabricated w/ MC-3 plug	1,100 mm x 4 mm <sup>2</sup> , prefabricated w/ Tyco plug
Front Glass:	White toughened safety glass, 4 mm	Transparent toughened safety glass, 4 mm
Solar Cells:	60 polycrystalline cells Si 6.2" (156x156 mm)	72 polycrystalline cells Si 6.2" (156x156 mm)
Cell Encapsulation	EVA (Ethylene Vinyl Acetate)	EVA (Ethylene Vinyl Acetate)
Back Site:	Composite film	White composite film
Frame:	Anodized aluminum; twin wall profile and drainage holes	Anodized aluminum; twin wall profile and drainage holes
<b>Permissible Operating Conditions</b>		
Temperature Range:	-40°C to +85°C	-40°C to +85°C
Maximum System Voltage:	600 V	600 V
Max. Surface Load	Up to 5,400 Pa according to IEC 61215 (advanced test)	Up to 5,400 Pa according to IEC 61215 (advanced test)
Resistance Against Hail:	Maximum diameter of 28 mm/impact speed of 86 km/h	Maximum diameter of 28 mm/impact speed of 86 km/h
<b>Guarantees and Certifications</b>		
Product Warranty:	10 years for materials and workmanship	10 years for materials and workmanship
Performance Guarantee:	90% of guaranteed output for 10 years; 80% for 25 years	90% of guaranteed output for 10 years; 80% for 25 years
Approvals and Certificates:	UL listed, CEC registered	UL listed, CEC registered

## Roof-mounted Ballast System

In order to secure modules in a specific orientation a module mounting system is required. This "racking" is specific to each application, but on flat roof applications is generally a ballasted rack that sits on top of the roof without any penetrations. This mounting system allows there to be a tilt associated with the module as well as a method of insuring that the modules are fastened to a specific location and not in danger of movement due to wind or rain. In the case of Paradise Valley School district, the majority of the racking is ballasted, orienting the module at a 15 degree tilt orientated due south.

## Inverters

Inverters range from 50 to 250kW depending upon application. They are designed to be rugged, reliable, and low maintenance commercial/utility-scale inverter. Each inverter shall be housed in an outdoor rated enclosure that contains all the necessary electronics to convert DC to AC power,

including an isolation transformer. The inverters will incorporate next generation MPPT technology. All Inverters are to be configured to 480V AC 3-phase and have advanced 3<sup>rd</sup> party monitoring and control capabilities.

#### **Product Specifications:**

Capacity:	50kW up to 250kW
CEC-Weighted Efficiencies:	95.9 - 97%
Power Factor at Full Load:	>0.99
Cooling:	Forced air
Enclosure Rating:	NEMA 3R
Enclosure Finish:	powder-coated steel
Ambient Temperature Range:	-20°C to +50°C (Operating) – Full Power
Maximum Input Voltage Range:	310-600 VDC 480 VAC (MPPT; Full Power)
Maximum Input Current:	454A DC 480 VAC
Maximum Output Current:	422-528 VAC 480 VAC
Product Warranty:	[5] years, additional years available
Approvals and Certificates:	UL 1741, CSA 107.1-01, IEEE 1547, IEEE C62.41.2, UBC Zone 4 Seismic Rating, IEEE C37.90.1, IEEE C37.90.2 CE Certification (EN 50178, EN 61000-6-2, EN 61000-6-4)

#### **Weather Station and Sensors**

The System includes a weather station which allows the monitoring of PV cell temperature, ambient temperature, wind speed, wind direction, and plane of array irradiance. A solar shield protects the ambient temperature sensor from direct sunlight. This sensor is inserted into the solar shield and is secured by a friction lock to prevent it from falling out. The wind direction sensor produces a ratio metric voltage signal that is transformed into a sensor output signal. The wind speed sensor (anemometer) produces a sine wave voltage with a frequency that changes linearly depending on the wind speed. This frequency is then transformed into a sensor output signal. A pyranometer measures solar irradiation from the hemispherical field of view centered on the sensor and is mounted on the plane of array. Solar irradiation varies among regions depending on factors such as season, time, terrain elevation, obstructions, or trees. The PV cell temperature sensor measures the center back of the module.

#### **Data Acquisition System**

The System's DAS is provided by a leading provider of performance management systems for commercial and utility-scale solar systems. The DAS is a total solution for solar system monitoring and management, including revenue-grade metering and a web-enabled platform for real-time alarming, billing, reporting and facility management functions.

The DAS will allow the user, which may include each of the Schools, SOLON Corp. and the investor to monitor each inverter's DC input power, AC output power, errors, weather station(s) data, and meter production. This information can be displayed on the internet using an Ethernet connection. An external communications box provides both the owner and customer a direct communication connection.

#### **Balance of System**

Major balance of system components includes DC fused combiner boxes, Production Metering hardware and AC Disconnects. Other components include such items as wiring, conduits, supports and connectors for field-routed conduit runs.

### **System Warranty**

SOLON Corp. will provide a 3-year system warranty commencing on the "Substantial Completion Date" (as defined in the EPC agreement) that the System will be free from defects in design, materials, construction and workmanship under normal operating conditions. The system warranty will be in addition to the manufacturer's warranties on the various component parts. The extended system warranty will exclude normal wear and tear as well as repair of damages to the system or components caused by vandalism, malicious conduct or force majeure. Under the system warranty, SOLON will resolve any defect in material or workmanship in any of the component parts not covered by original equipment manufacturer. The system warranty, together with all of the various component warranties, will be transferred to the Lessor at closing to the fullest extent possible.

### **Completion Status**

The PVUSD System is projected to be substantially complete on or about September 30, 2010.

### **Projected System Output**

SOLON Corp. has derived the PVUSD System's projected Output using PV Watts 1. The PVWatts 1 calculator works by creating hour-by-hour performance simulations that provide estimated monthly and annual energy production in kilowatts and energy value. Users can select a location and choose to use default values or their own system parameters for size, electric cost, array type, tilt angle, and azimuth angle. In addition, the PVWatts calculator can provide hourly performance data for the selected location.

Using typical meteorological year weather data (TMY2) for the selected location, the PVWatts calculator determines the solar radiation incident of the PV array and the PV cell temperature for each hour of the year. The DC energy for each hour is calculated from the PV system DC rating and the incident solar radiation and then corrected for the PV cell temperature. The AC energy for each hour is calculated by multiplying the DC energy by the overall DC-to-AC derate factor and adjusting for inverter efficiency as a function of load. Hourly values of AC energy are then summed to calculate monthly and annual AC energy production. Based on the forgoing, the System's AC output for year one is projected to be as follows:

<b>Project</b>	<b>Pinnacle High School</b>
<b>Location</b>	Phoenix, AZ
<b>SIZE - kW DC</b>	461.7
<b>MODULE TYPE</b>	Blue 270
<b>Module Wattage</b>	270 Wdc

<b>COORDINATES</b>	33.4N, 112.0W
<b>Azimuth angle (assume south = 180°)</b>	180°
<b>SYSTEM TYPE</b>	Roof Mount 12°
<b>Output</b>	<b>PV WATTS 1</b> <b>KWh</b> <b>Fixed</b>
<b>No shading @ Point of Interconnect</b>	<b>795,680</b>

*\* The actual Output in any year will be more or less than projected depending on actual meteorological conditions, degradation and equipment performance.*



## EXHIBIT C

### SCHEDULE OF DEFINITIONS AND RULES OF INTERPRETATION

1. Definitions. The definitions provided below and elsewhere in this SSA will apply to the defined terms used in this SSA:

"1603 Cash Grant" means Treasury grant made pursuant to Section 1603 of the American Recovery and Reinvestment Act *and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation*

"AAA Rules" has the meaning ascribed to such term in Section 15.2.

"ACC" means the Arizona Corporation Commission.

"Affiliate" means, with respect to any entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity.

"Agreement" has the meaning ascribed to such term in the first sentence of this solar services agreement.

"Applicable Law" means, with respect to any governmental authority, any constitutional provision, law, statute, rule, regulation, ordinance, treaty, order, decree, judgment, decision, certificate, holding, injunction, registration, license, franchise, permit, authorization, guideline, governmental approval, consent or requirement of such governmental authority, enforceable at law or in equity, along with the interpretation and administration thereof by any governmental authority.

"APS" means Arizona Public Service Company and shall include any successor in interest with respect to either the Program or the provision of electrical service to the Premises.

"Authorized Offline Period" has the meaning ascribed such term in Section 3.6.

"Bankrupt" means that a Party or other entity (as applicable): (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails (or admits in writing its inability) generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up, reorganization or liquidation, which proceeding or petition is not dismissed, stayed or vacated within 30 days thereafter; (v) commences a voluntary proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights; (vi) seeks or consents to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets; (vii) has a secured party take possession of all or

substantially all of its assets, or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets; (viii) causes or is subject to any event with respect to it which, under the Applicable Laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) inclusive; or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"Bankruptcy Code" means the United States Bankruptcy Code.

"Business Day" means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday.

"Claiming Party" has the meaning ascribed to such term in Section 8.3.

"Commercial Operation" means that the System is ready for regular, daily operation, has been connected to the Premises electrical system upon approval by APS, and is capable of producing Energy Output.

"Commercial Operation Date" means the date, determined by Provider and set forth in writing to Recipient, upon which (i) APS has provided its authorization to interconnect the System and operate it in parallel with the local grid and (ii) the System commences delivery of Energy to the Delivery Point.

"Confidential Information" means any non-public confidential or proprietary information (whether conveyed orally, electronically or in hard copy) of a Party or its Affiliates or any of its or their Representatives relating to this SSA, the Lease, the System revealed to the other Party or its Affiliates or any of its or their Representatives during the Term and conspicuously identified as confidential.

"Costs" means any fees, expenses and/or obligations incurred by either Party in connection with this Agreement or breach thereof by the other Party.

"CPP" means the REC Financial Incentive payments owed by APS in connection with the REC Purchase Agreement

"Degradation Factor" means a [0.75%] annual degradation factor applied commencing on the first anniversary of the Commercial Operation Date.

"Delivery Point" means the point where the System is interconnected to Recipient's electrical intertie and at and from this point exclusive control of the Energy shall shift to Recipient with risk of loss related to Energy also transferring from Provider to Recipient.

"Due Date" has the meaning ascribed to such term in Section 10.1.

"Early Termination Date" has the meaning ascribed to such term in Section 9.2.

"Electric Utility Provider" includes Arizona Public Service Company ("APS") and such other or further Public Service Corporations (as that term is defined in Arizona Const. Art. 15 Sec. 2) that may provide the Recipient with Energy from time to time except that under no circumstances

shall Electric Utility Provider be interpreted to include other providers of Energy that is generated on Recipient's premises.

"Energy" means electrical energy (three-phase, 60-cycle alternating current, expressed in kWh) generated by the System.

"Energy Deficiency Quantity" has the meaning ascribed to such term in Section 7.3(b)(v).

"Energy Output" means the amount of Energy generated by the System and delivered to Recipient at the Delivery Point, as metered in whole kilowatt-hours (kWh) at the Metering Device.

"Energy Surplus Quantity" has the meaning ascribed to such term in Section 7.3(b)(v).

"Environmental Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the System, and its displacement of conventional energy generation. Environmental Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4) nitrous oxide, hydrofluoro carbons, perfluoro carbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on MWh basis and one Green Tag represents the Environmental Attributes associated with one (1) MWh of energy. Environmental Attributes do not include: (i) any energy, capacity, reliability or other power attributes from the System; (ii) Tax Benefits, including production or investment tax credits associated with the construction or operation of the energy projects; *or* (iii) emission reduction credits encumbered or used by the System for compliance with local, state, or federal operating and/or air quality permits.

"EPC" means that certain Engineering Procurement Contract entered into, as of the date hereof, between Provider and SOLON Corporation, an Arizona Corporation, with respect the provision of certain engineering, procurement, and construction management services related to the System.

"Event of Default" has the meaning ascribed to such term in Section 9.1

"Expected Monthly Output" means, with respect to any calendar month, the average Energy Output that the System has produced in such month in all prior years of operation, reduced by the Degradation Factor (and if the System has not been in operation for twelve (12) consecutive

months prior to such month, then Provider's reasonable estimation of what the Energy Output would have been absent the Unauthorized Shutdown or shading).

"Fair Market Value" has the meaning ascribed such term in Section 13.1.

"Financiers" has the meaning ascribed to such term Section 17.2.

"Force Majeure" means, when used in connection with the performance of a Party's obligations under this SSA, any of the following events to the extent not caused by such Party or its agents or employees: (i) war, riot, acts of a public enemy or other civil disturbance; (ii) acts of God, including but not limited to, storms, floods, lightning, earthquakes, hailstorms, ice storms, tornados, typhoons, hurricanes, landslides, volcanic eruptions, range or forest fires, and objects striking the earth from space (such as meteorites), sabotage or destruction by a third party (other than any contractor retained by or on behalf of the Party) of facilities and equipment relating to the performance by the affected Party of its obligations under this SSA; and (iii) strikes, walkouts, lockouts or similar industrial or labor actions or disputes. Force Majeure will not be based on (i) Recipient's inability economically to use Energy purchased hereunder, or (ii) Provider's ability to sell Energy at a price greater than the price of Energy under this SSA. Economic hardship of either Party shall not constitute Force Majeure.

"Governmental Charges" means all applicable federal, state and local taxes (other than taxes based on income or net worth), governmental charges, emission allowance costs, duties, tariffs, levies, licenses, fees, permits, assessments, adders or surcharges (including public purposes charges and low income bill payment assistance charges), imposed or authorized by a governmental authority, independent system operator, utility, transmission and distribution provider or other similar entity, on or with respect to the Energy or this SSA.

"Indemnity Claims" means all losses, liabilities, damages, costs, expenses and attorneys' fees, whether incurred by settlement or otherwise.

"Independent Appraiser" means an individual who is a member of a national accounting, engineering or energy consulting firm qualified by education, experience and training to determine the value of solar generating facilities of the size and age and with the operational characteristics of the System. Except as may be otherwise agreed by the Parties, the Independent Appraiser shall not be (or within three years before his appointment have been) a director, officer or an employee of, or directly or indirectly retained as consultant or adviser to, Provider or Recipient or any Affiliate of Provider or Recipient, other than in the capacity as an independent appraiser under this SSA.

"Initial Term" has the meaning ascribed to such term in Section 2.1(a).

"Interest Rate" means, for any date, the lesser of (i) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or, if not published on such day, on the most recent preceding day on which published), plus two percent (2%) and (ii) the maximum rate permitted by Applicable Law.

"kWh" means kilowatt-hour and is the unit of measurement for Energy.

"Lease" has the meaning ascribed such term in the first recital of this SSA.

"Metering Device" means any and all meters at or before the Delivery Point needed for the registration, recording, and transmission of information regarding the Energy generated by the System and delivered to the Delivery Point.

"Non-Defaulting Party" has the meaning ascribed to such term in Section 9.2.

"Notice" has the meaning ascribed to such term in Section 16.1.

"Party" or "Parties" has the meaning ascribed to such term in the first paragraph of this Agreement.

"Person" means an individual, general or limited partnership, corporation, municipal, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, limited liability company, or any other entity of whatever nature.

"Pests" has the meaning ascribed to such term in Section 8.4.

"Premises" has the meaning ascribed such term in the first recital of this SSA.

"Program" means the APS Renewable Energy Incentive Program, as approved by the ACC.

"Purchase Option" has the meaning ascribed to such term in Section 13.1.

"Purchase Option Date" has the meaning ascribed to such term in Section 13.1.

"Purchase Option Notice" has the meaning ascribed to such term in Section 13.1.

"Purchase Option Price" has the meaning ascribed to such term in Section 13.1.

"Purchase Price" has the meaning ascribed to such term in Section 13.5.

"Recipient Maintenance Removal" has the meaning ascribed to such term in Section 8.4(g)

"REC Financial Incentives" means each of the following financial rebates and incentives that is in effect as of the Effective Date or may come into effect in the future: (i) performance-based incentives under any federal state or local renewable energy program or initiative, (ii) any utility rebates or incentives, (iii) state-funded monetary assistance originating from state legislation or local other funding offered for the development of renewable energy or solar projects, and (iv) in each case, including all reporting rights with respect to any of the foregoing allowances.

"REC Purchase Agreement" has the meaning ascribed to such term in Section 2.2.

"Renewable Energy Credit" or "REC" means renewable energy credit(s) or certificates, emission reduction credits, emission allowances, green tags, tradable renewable credits, or other transferable indicia denoting carbon offset credits or indicating generation of a particular quantity of renewable energy attributed to the Energy produced by the System under any reporting program adopted by a governmental authority (including state or local governmental

authorities in Arizona), or for which a registry and a market exists or for which a market may exist at a future time.

"Representatives" has the meaning ascribed to such term in Section 14.1(a).

"Schedule of Definitions and Rules of Interpretation" has the meaning ascribed to such term in Section 1.1.

"Solar Services" means the design, construction, installation, maintenance (including repair and replacement) and operation of the System, the monetization of Tax Benefits associated with the Energy, the assistance with traditional energy demand reduction by delivery of all of the Energy produced by the System to the Delivery Point and other services associated with this SSA as Recipient may from time to time reasonably request from Provider, at no incremental cost and expense to Provider.

"Solar Services Payment Rate" has the meaning ascribed to such term in Exhibit D.

"System" means the solar, photovoltaic generating system to be installed by Provider on the Premises for purposes of providing the Solar Services to Recipient, as more particularly described in Exhibit B.

"System Assets" means the System together with all such other tangible and intangible assets, permits, improvements, property rights and contract rights used for the construction, operation and maintenance (including repair or replacement) of the System.

"System Loss" means loss, theft, damage, destruction, condemnation or taking of the System or System Assets, or any other occurrence or event that prevents or limits the System from operating in whole or in part, resulting from or arising out of any cause (including casualty, condemnation or Force Majeure) other than (i) Provider's negligence or intentional misconduct, (ii) Provider's material breach of its maintenance obligations under the SSA, or (iii) normal wear and tear of the System.

"Tax Benefits" means any loss, deduction, depreciation, and/or credit for federal, state, or local income tax purposes and any federal, state, or local state tax incentives, including, but not limited to the 1603 Cash Grant (with such amount determined using the highest combined federal, state, and local tax rate applicable to Provider) available in connection with the ownership, operation or use of the System.

"Temporary Shutdown Fees" has the meaning ascribed to such term in Section 3.6.

"Term" means the Initial Term and any extension thereof.

"Termination Payment" means the amount payable in respect of any period as set forth in Exhibit E hereto.

"Transaction" means any transaction between the Parties under the terms of the SSA or the Lease or any other agreements, instruments, or undertakings between the Parties.

"Unauthorized Shutdown" has the meaning ascribed to such term in Section 3.6.

2. Rules of Interpretation. In this SSA, unless expressly provided otherwise:

- (a) the words "herein," "hereunder" and "hereof" refer to the provisions of this SSA and a reference to a recital, Article, Section, subsection or paragraph of this SSA or any other agreement. in which it is used unless otherwise stated;
- (b) references to this SSA, or any other agreement or instrument, includes any schedule, exhibit, annex or other attachment hereto or thereto, and references to this SSA include the Basic SSA Provisions;
- (c) a reference to a paragraph also refers to the subsection in which it is contained, and a reference to a subsection refers to the Section in which it is contained;
- (d) a reference to this SSA, any other agreement or an instrument or any provision of any of them includes any amendment, variation, restatement or replacement of this SSA or such other agreement, instrument or provision, as the case may be;
- (e) a reference to a statute or other law or a provision of any of them includes all regulations, rules, subordinate legislation and other instruments issued or promulgated thereunder as in effect from time to time and all consolidations, amendments, re-enactments, extensions or replacements of such statute, law or provision;
- (f) the singular includes the plural and vice versa;
- (g) a reference to a Person includes a reference to the Person's executors and administrators (in the case of a natural person) and successors, substitutes (including Persons taking by novation) and permitted assigns;
- (h) words of any gender shall include the corresponding words of the other gender;
- (i) "including" means "including, but not limited to," and other forms of the verb "to include" are to be interpreted similarly;
- (j) references to "or" shall be deemed to be disjunctive but not necessarily exclusive, (i.e., unless the context dictates otherwise, "or" shall be interpreted to mean "and/or" rather than "either/or");
- (k) where a period of time is specified to run from or after a given day or the day of an act or event, it is to be calculated exclusive of such day; and where a period of time is specified as commencing on a given day or the day of an act or event, it is to be calculated inclusive of such day;

(l) a reference to a Business Day is a reference to a period of time commencing at 9:00 a.m. local time on a Business Day and ending at 5:00 p.m. local time on the same Business Day;

(m) if the time for performing an obligation under this SSA expires on a day that is not a Business Day, the time shall be extended until that time on the next Business Day;

(n) a reference to (i) a month is a reference to a calendar month and (ii) a year is a reference to a calendar year;

(o) where a word or phrase is specifically defined, other grammatical forms of such word or phrase have corresponding meanings;

(p) a reference to time is a reference to the time in effect in Phoenix, Arizona on the relevant date;

(q) if a payment prescribed under this SSA to be made by a Party on or by a given Business Day is made after 2:00 pm on such Business Day, it is taken to be made on the next Business Day; and

(r) if any index used in this SSA at any time becomes unavailable, whether as a result of such index no longer being published or the material alteration of the basis for calculating such index, then Provider and Recipient shall agree upon a substitute index that most closely approximates the unavailable index as in effect prior to such unavailability. If the base date of any such index is at any time reset, then the change to the index resulting therefrom shall be adjusted accordingly for purposes of this SSA.



## **EXHIBIT D**

### **Solar Services Payment Rate**

The payment to be made by Recipient to Provider shall equal the Energy Output for the relevant period multiplied by the Solar Services Payment Rate for such period. The Parties agree that such payment of the Solar Services Payment Rate comprises a negotiated rate that reflects the provision of the full Solar Services.

1. Solar Services Price: \$0.07/kWh
2. Solar Services Price Escalator: 2.0% per annum beginning 12 months (Year 2) after Commercial Operation Date

**EXHIBIT E**

**Pinnacle High School**

**Termination Payment Schedule**

<b>Date</b>	<b>Termination Payment</b>
11-Mar-10	\$2,438,000
31-Dec-10	2,043,000
31-Dec-11	1,781,000
31-Dec-12	1,518,000
31-Dec-13	1,255,000
31-Dec-14	993,000
31-Dec-15	730,000
31-Dec-16	698,000
31-Dec-17	665,000
31-Dec-18	633,000
31-Dec-19	600,000
31-Dec-20	568,000
31-Dec-21	536,000
31-Dec-22	503,000
31-Dec-23	471,000
31-Dec-24	439,000
31-Dec-25	406,000
31-Dec-26	374,000
31-Dec-27	341,000
31-Dec-28	309,000
31-Dec-29	277,000
31-Dec-30	244,000

## **EXHIBIT F**

### **Provider's Insurance Requirements**

Provider shall, at all times, maintain; 1) commercial general liability insurance with coverage of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate; 2) employer's liability insurance with coverage of at least \$1,000,000; and 3) worker's compensation insurance as required by law.

All insurance policies provided hereunder shall; 1) contain a provision whereby the insurer agrees to give the party not providing the insurance 30 days (10 days in the event of non-payment of premiums) written notice before the insurance is cancelled; 2) be written on an occurrence basis; 3) with respect to liability insurance policies, include the other Party as an additional insured as its interest may appear; 4) include waivers of subrogation; 5) provide for primary coverage without right of contribution from any insurance of the other Party; and 6) be maintained with companies either rated no less than A- as to Policy Holder's Rating in the edition of Best's Insurance Guide or otherwise reasonably acceptable to the other party.

## **EXHIBIT G**

### **Recipient's Insurance Requirements**

Recipient shall, at all times, maintain; 1) "all risk" property insurance on the System for the full replacement cost thereof and name Provider as a loss payee; 2) commercial general liability insurance with coverage of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate; 3) employer's liability insurance with coverage of at least \$1,000,000; and 4) worker's compensation insurance as required by law.

All insurance policies provided hereunder shall; 1) contain a provision whereby the insurer agrees to give the party not providing the insurance 30 days (10 days in the event of non-payment of premiums) written notice before the insurance is cancelled; 2) be written on an occurrence basis; 3) with respect to property insurance policies, name Provider as a loss payee thereunder; 4) with respect to liability insurance policies, include the other Party as an additional insured as its interest may appear; 5) include waivers of subrogation; 6) provide for primary coverage without right of contribution from any insurance of the other Party; and 7) be maintained with companies either rated no less than A- as to Policy Holder's Rating in the edition of Best's Insurance Guide or otherwise reasonably acceptable to the other party.

**EXHIBIT H**  
**REC Purchase Agreement**



**PHOTOVOLTAIC GRID TIED ELECTRIC SYSTEM INFORMATION SHEET  
FOR THE SUBMITTAL OF A  
SCHOOLS (PUBLICALLY FUNDED K-12) RESERVATION APPLICATION**

Thank you for your support of renewable technology. APS is proud to welcome you to our APS Renewable Energy Incentive Program (the "Program"). Please fill out and submit a Reservation Application along with a proposal from your equipment dealer to ensure that we receive the required information to process your Reservation Application. If you have any questions, please call 602-328-1924.

**IT IS IMPORTANT TO NOTE THAT SUBMITTING YOUR RESERVATION APPLICATION DOES NOT GUARANTEE PROJECT FUNDING.** APS will provide you with written acceptance of your Reservation Application. Please also note that a spending cap is set each year for the Program. After the cap has been reached, customers applying for funding will be placed on a wait list. Reservation Applications are reviewed on a first come, first served basis.

**NOTE: ALL FORMS ARE AVAILABLE VIA [WWW.APS.COM](http://WWW.APS.COM) OR BY CALLING 602-328-1924.**

1. Complete and submit a signed Reservation Application and a quote from your installer which includes an itemized list of system components including the model number and manufacturer for the generator and, if applicable, the inverter.
2. Receive reservation confirmation. Review, sign and return agreement.  
When your reservation has been reviewed, you will receive written notification that your Reservation Application was either approved or denied. Along with your approved written notification you will also receive, as applicable, an agreement that covers the terms and conditions for the interconnection of your system to the APS distribution system, and credit purchase.
3. Complete and submit an APS Interconnection Application. (Either you or your equipment dealer can complete this step)
4. Receive preliminary approval confirming system design appears to meet APS interconnection requirements.  
APS will send written notification that the equipment submitted appears to be in conformance with APS' interconnection requirements.
5. Proceed with installation and obtain necessary municipal clearances. (Typically your equipment dealer will assist you in obtaining any necessary clearances)
6. Schedule APS Interconnection Inspection.  
Contact APS to request an interconnection inspection. After inspection, APS will send you an authorization letter confirming that the PV System has passed inspection and that permission has been provided for the PV System to operate in parallel to the APS distribution system. Only an authorized APS representative can provide permission for your PV System to operate in parallel to the APS distribution system. Until such permission has been granted, your PV System will not be operable (in conjunction with the APS distribution system).
7. Request Incentive Payment.  
Please submit the following so that an incentive payment can be issued:
  - Installation Certification form signed by both the dealer and the installer; and
  - Receipt confirming the PV System purchase price, payment, and installation by an Arizona licensed contractor

**Address for the submission of all program documents:**  
APS Renewable Energy Incentive Program  
PO Box 53999, MS 9649  
Phoenix, AZ 85072-3999



Renewable Energy

**PHOTOVOLTAIC GRID TIED ELECTRIC SYSTEM  
SCHOOLS (PUBLICALLY FUNDED K-12) RESERVATION APPLICATION**

How did you hear about the APS Renewable Energy Incentive Program?

☐ Brochure at Event ☐ Annual Use Letter ☐ Print Ad ☐ TV ☐ Website ☐ Radio ☒ Other \_\_\_\_\_

**SCHOOL NAME AND MAILING ADDRESS INFORMATION**

School Name Pinnacle High School

Primary School Contact Name

First Name Michael Last Name Green

Secondary School Contact Name

First Name Ken Last Name Carter

Mailing Address

Street Name 3535 E. Mayo Boulevard.,

City Phoenix State AZ Zip 85028

**SCHOOL CONTACT INFORMATION**

School Phone Michael Green Cell Phone 602-722-5551

Email Address mlgreen@pvschools.net

**INSTALLATION SITE INFORMATION**

APS Account Number 000880283 Meter Number H96357, R80549

If there is currently no electrical service at the installation site, please leave the APS account number and meter number blank and check here. ☐

Installation Address (If same as mailing address, check here X)

Street Name \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**ACCESS INFORMATION**

Is your electric meter located behind a fence or gate?

☒ Yes ☐ No

Do you plan to install the Utility Disconnect at the service entrance?

☒ Yes ☐ No

**SYSTEM INFORMATION** [Please contact your dealer if unsure of the information to provide in this section]

School UFI PV Application 09/29/09

Estimated Installation Date 09/30/2010 \_\_\_\_\_ Is this a system expansion? ☐ Yes ☒ No

PV Module Manufacturer SOLON Corporation \_\_\_\_\_ Model # Blue 270 \_\_\_\_\_ UL Listing UL-1703 #E304883 \_\_\_\_\_

Panel Rating in DC Watts (PV Module DC Watts W-STC Rating) 270

Inverter Manufacturer SatCon (or equivalent) \_\_\_\_\_ Model # PVS 100 \_\_\_\_\_ UL Listing UL-1741

#### EQUIPMENT DEALER INFORMATION

Dealer Name (please supply full legal name) SOLON Corporation

Contact Name Robert Wanless \_\_\_\_\_ Telephone 602-402-3638

Fax 602-807-4046 \_\_\_\_\_ E-mail rob.wanless@solon.com

Mailing Address 6950 S. Country Club Rd., Tucson, AZ 85756

Arizona Registrar of Contractors (AZROC) License Information

Number ROC 236528 \_\_\_\_\_ Class K-11 \_\_\_\_\_ Expiration 08/31/2011

#### INSTALLER INFORMATION (If same as equipment dealer, check here X)

Installer Name (please supply full legal name) \_\_\_\_\_

Contact Name \_\_\_\_\_ Telephone \_\_\_\_\_

Fax \_\_\_\_\_ Email \_\_\_\_\_

Mailing Address \_\_\_\_\_

Arizona Registrar of Contractors (AZROC) License Information

Number \_\_\_\_\_ Class \_\_\_\_\_ Expiration \_\_\_\_\_

#### SYSTEM OWNER INFORMATION

Company Name (please supply full legal name) SOLON Corporation

Contact Name Robert Wanless \_\_\_\_\_ Telephone 602-402-3638

Fax 602-807-4046 \_\_\_\_\_ E-mail rob.wanless@solon.com

Mailing Address 6950 S. Country Club Rd., Tucson, AZ 85756

#### NET BILLING AND NET METERING RATES

Please indicate your rate plan choice for compensation received from APS for the power generated by your PV System that will be delivered to the APS distribution system.

- ☐ EPR-2 (Energy sent back to the APS grid will be purchased by APS at wholesale price, often called "net billing")  
☐ EPR-6 (Energy sent back to the APS grid will appear as a kWh credit on your bill, often called "net metering", payment at wholesale price for excess credits at year end)

Rate schedules are posted @ [www.aps.com](http://www.aps.com) or call 602-328-1924

**INCENTIVE REQUEST** (Typically your installer or equipment dealer will help you with this section).

Total Proposed Installed System Cost: \$2,308,500 \_\_\_\_\_

(Note that Incentive payment is capped at 50% of total installed system cost)

School UFI PV Application 09/29/09



Available School (Publicly Funded K-12) incentive is a one-time payment of \$2.25/Watt DC-STC up to a maximum incentive of 50% of the System Cost.

\$2.25 x 461,700 = \$1,038,825  
Watts DC-STC Total Maximum Incentive

The minimum PV array size shall be 1,000 watts DC-STC

Estimated Annual Production: 795,680 kWh

**DE-RATING INFORMATION** (Typically your installer or equipment dealer will help you with this section).

The productivity of PV Systems is sensitive to the specifics of the installation method and location. Systems that are impacted by shading and PV panel tilt angle and azimuth will receive a proportionally lower incentive in accordance with the PV Off Angle and Shading Incentive Adjustment Chart ("Adjustment Chart"). The Adjustment Chart is attached hereto as Appendix A to the Agreement. An on-line calculator is also available at [www.aps.com](http://www.aps.com) or by calling 602-328-1924.

Proposed Array Azimuth Angle from Due South 180-degrees

Proposed Angle Above Horizontal (tilt angle) 15-degrees

The azimuth is the compass direction your solar system faces. Ideally, solar units should face south to collect the most solar energy throughout the year. The further east or west the system faces the lower the yearly output will be.

The tilt angle is the tilt of the solar panel in relation to horizontal. For maximum yearly energy product, this tilt should be at approximately 30 degrees for fixed systems installed in Arizona. Furthermore, the flatter the solar panels are the more summer energy production, but the lower the winter production.

Is there a tree, building or overhang that is in proximity to the PV array? ☐ Yes ☒ No

If you answered yes, please indicate the estimated percentage impact this will have on system production:

☐ Less than 10 % ☐ 11% - 25% ☐ 26% - 40%

Based on the survey of your installation site and the installation plan, does your dealer or installer anticipate that the incentive will be lower based on the de-rating information supplied above?

☐ Yes ☒ No

If yes, by what percentage do you expect the incentive to be decreased based on such a de-rating?

#### ASSIGNMENT OF PAYMENT

Will payment be assigned to an installer, dealer or manufacturer of the qualifying system? ☒ Yes ☐ No

If yes, please complete and sign the information below:

I authorize APS to issue Credit Purchase funds to the following third party, on my behalf, as payment toward the cost and/or installation of my PV System. I acknowledge and agree that payment made by APS to the third party below shall satisfy APS' payment obligation to me in connection with the Agreement and that, once made, APS shall have no further obligation whatsoever to me.

Dealer/Company Name (assignee) SOLON Corporation

Address 6950 S. Country Club Rd., Tucson, AZ 85756

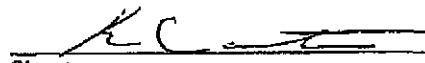
Customer Signature [Signature] Date 3/5/10

Attach a quote from your installer that includes an itemized list of system components including model and manufacturer of both the PV module(s) and the inverter(s).

NOTE THAT ANY MATERIAL CHANGES TO THE INFORMATION PROVIDED IN THE RESERVATION APPLICATION MUST BE PROVIDED TO APS THROUGH AN AMENDED APPLICATION AND CREDIT PURCHASE AGREEMENT. FAILURE TO SUBMIT AN AMENDED APPLICATION AND AGREEMENT AS REQUIRED MAY JEOPARDIZE CUSTOMER'S ELIGIBILITY TO RECEIVE THE INCENTIVE PAYMENT FROM APS.

**CUSTOMER**

Ken Carter \_\_\_\_\_  
Name (Please Print)

 \_\_\_\_\_  
Signature

03/05/2010 \_\_\_\_\_  
Date

**TERMS AND CONDITIONS FOR THE RECEIPT OF CREDIT PURCHASE AGREEMENT  
(the "Agreement")**

**APS Renewable Energy Incentive Program Reservation # 7799 for Renewable Energy  
System permanently located at: 3535 E. Mayo Blvd., Phoenix, AZ, (the "Property").**

We thank you for your interest in participating in APS' Renewable Energy Incentive Program (the "Program"). In order to receive a Credit Purchase Payment from APS (as defined below), you must comply with all the terms and conditions of the Program. This Agreement contains the applicable terms and conditions, which you should carefully review before signing. We also recommend that you read the Program Handbook that is posted to [aps.com](http://aps.com) or can be obtained by calling 602-328-1924. If you have questions, please contact the APS Renewable Energy Incentive Team at 602-328-1924 or email: [DG\\_Interconnect@aps.com](mailto:DG_Interconnect@aps.com). Your signature below, and the interconnected operation of your renewable energy system (the "RE System") with our electric distribution system, reflect your agreement to these terms and conditions.

This Agreement defines our respective rights and responsibilities under the Program. It also defines the eligibility requirements you must satisfy in order to qualify for a Credit Purchase Payment. This is not a contract for the sale of goods or services, and does not establish any consumer rights for the purchase of goods or services. We offer no warranties, guarantees or assurances with respect to the RE System you select, its installation and/or the results you will obtain.

ANY AND ALL WARRANTIES ARE EXPRESSLY DISCLAIMED, INCLUDING, WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. ANY RESPONSIBILITIES WE MAY HAVE TO YOU AS A CUSTOMER AND PROGRAM PARTICIPANT ARE AS IS DEFINED IN OUR TARIFFS AND SCHEDULES APPROVED BY THE ARIZONA CORPORATION COMMISSION (THE "ACC"). IN NO EVENT WILL WE BE LIABLE TO YOU OR ANY THIRD PARTY FOR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES IN CONNECTION WITH THE RE SYSTEM, YOUR PARTICIPATION IN OUR PROGRAM AND/OR THE INSTALLATION, MAINTENANCE OR USE OF YOUR RE SYSTEM.

**1. RECITALS**

You are the "Customer", as that term is used in this Agreement. As the Customer, you are either the APS retail customer of record for the Property or, if not an APS retail customer, the owner of the Property where the RE System will be installed. If you are an APS retail customer, APS supplies your electrical power requirements.

You plan to install the RE System on the Property, which is in the APS service territory, for the purpose of generating your own electrical power.

You will have title and interest in all environmental credits associated with the electrical power produced from the RE System. Pursuant to this Agreement, you will transfer to APS title to and interest in any environmental credits associated with the electrical power produced from your RE system. APS will pay you for such credits (such payment defined as the "Credit Purchase Payment") in accordance with the terms and conditions provided herein.

The effective date of this Agreement shall be the date that you sign it (the "Effective Date"), which you must complete where indicated on page \_\_\_\_\_ prior to submitting this Agreement to APS.

**2. GENERAL BACKGROUND**

APS has approved your Reservation Application (the "Application") and has reserved funds in accordance with your RE System equipment specifications, sizing, installation specification, and other related information contained in your Application. A copy of your approved Application will be attached to this Agreement as Exhibit A upon execution and submission of this Agreement to APS. If there is a material change to any of the information contained in the approved Application, you are required to inform APS by submitting supplementary or amending documentation which will be subject to review and approval by APS. If the material change results in a request to increase the amount of Credit Purchase Payment, any approval by APS will be subject to funding availability.

Our acceptance of your Application does not entitle you to receive the Credit Purchase Payment from APS. In order to receive the Credit Purchase Payment you must comply with all terms and conditions of this Agreement.

Within 180 days from the date of our approval of your Application, you are required to purchase and install an RE System that meets the requirements set forth in the equipment requirements and installer qualifications posted on [aps.com](http://aps.com) or School UFI PV Application 09/29/09

available by calling 602-328-1924. In addition, you must execute this Agreement at any time following our approval of your Application, but in no event later than 180 days following the installation of your RE System.

### **3. LICENSED CONTRACTORS**

For our mutual protection, APS requires that the RE System be installed by a contractor holding an appropriate and active license issued by the Arizona Registrar of Contractors. The license requirements can be found in the equipment requirements and installer guidelines document posted to [aps.com](http://aps.com) and are also available by calling 602-328-1924.

As with any significant purchase, we encourage you to shop around when considering a RE System. You should carefully check references and otherwise perform due diligence with respect to any manufacturer, vendor and/or installer that you are considering. We do not endorse or recommend any manufacturers, vendors or installers, nor are we in any way responsible for the selection you make and the goods and services that manufacturers, vendors and/or installers provide to you. In addition, you may want to consult with your professional advisors regarding tax, liability insurance, or other issues related to your obligations under this Agreement.

### **4. RE SYSTEM EQUIPMENT REQUIREMENTS**

The equipment requirements for your RE System are documented in the equipment requirements and installer guidelines document posted to [aps.com](http://aps.com) and are also available by calling 602-328-1924.

As the beneficiary of your RE System, you are solely responsible for all payments associated with its purchase, installation and operation, including the costs associated with the interconnection to the APS distribution system. In the event of a failure of your RE System, it will be your responsibility to address any deficiencies or problems with your manufacturer, vendor or installer, or to otherwise ensure the return of your RE System to full operating condition.

### **5. PRELIMINARY INTERCONNECTION REQUIREMENTS CONFORMANCE REVIEW**

If your RE System will be connected to the APS distribution system (i.e., grid-tied photovoltaic or grid-tied wind systems) then, prior to the actual installation of your RE System, we require that you or your installer or dealer submit to APS the appropriate Equipment Information Form and system diagram(s) and/or cut sheets (the "Interconnection Application packet"). This review and preliminary approval process affords us the opportunity to preliminarily confirm your compliance with our interconnection requirements and therefore your eligibility for participation in the Program. Our sign-off does not represent our approval of your selection of the RE System, your vendor or installer, the responsibility for which necessarily remains with you. Our preliminary approval also does not provide that authorization for your RE System to be paralleled with APS. Final determination of your compliance with the minimum interconnection requirements is made after completing the field inspection outlined in Section 5. The Interconnection Requirements Manual, Equipment Information Form, and sample design drawings can be found on our website at [www.aps.com](http://www.aps.com) or can be obtained by calling us at 602-328-1924.

### **6. INSPECTION**

We retain the right to inspect your RE System and the location where it is installed at any time to ensure that you are complying with the RE System equipment requirements. We will schedule these inspections with you in advance, unless we have reason to believe that an emergency exists, in which case we may enter your Property to address the emergency consistent with the rules of the ACC and our ACC-approved tariffs and schedules. Our right of inspection, however, does not in any way relieve you of your responsibility for the operation of your RE System or any liability pursuant to Section \_\_\_\_ of this Agreement.

### **7. INSTALLATION CERTIFICATION**

We require the dealer and the installer to execute an Installation Certification Form certifying that the RE System meets the requirements specified in this Agreement. The Installation Certification and Acceptance of Installation Form can be obtained from our website at [www.aps.com](http://www.aps.com). We also require a final invoice for your RE System to be submitted that substantiates that your vendor considers that the RE System has been paid in full. Our obligation to release incentive funds to you is specifically conditioned upon the RE System meeting all Program requirements, including our receipt of the Installation Certification and Acceptance of Installation forms.

### **8. APS INTERCONNECTION REQUIREMENTS**

If the Interconnection requirements of Paragraph 5 apply to your RE System, then it is very important that you be familiar with our requirements for interconnected operation of your RE System and our distribution grid ("APS Interconnection Requirements". It is your responsibility to know and comply with all of APS Interconnection Requirements and related contractual obligations pursuant to your executed APS Interconnection Agreement. All forms and sample agreements are posted on our website at [www.aps.com](http://www.aps.com) or can be obtained by calling us at 602-328-1924.

We retain the right to inspect your RE System and the location where it is installed at any time to ensure that you are complying with these requirements, and so your cooperation with these inspections will be an additional requirement. We will schedule these inspections with you in advance, unless we have reason to believe that an emergency exists, in which case we may enter your premises to address the emergency consistent with the rules of the Arizona Corporation Commission (the "ACC") and our ACC-approved tariffs and schedules. Our right of inspection, however, does not in any way relieve you of your responsibility for the operation of your RE System and any damages it may cause.

Following our written approval of your proposed RE System and associated facilities, you may not remove, alter or otherwise modify or change your RE System, including, without limitation, the plans, control and protective devices or settings, and in general its specifications, configuration or any facilities related to it. If you do want to make any changes or modifications, we require that you first resubmit plans describing the proposed changes or modifications for our prior review and sign-off. Again, no such change or modification may be made without our prior written concurrence.

**THESE REQUIREMENTS ARE FUNDAMENTALLY IMPORTANT. FAILURE TO OBSERVE THESE MAY EITHER RESULT IN DELAYS IN APPROVAL OF YOUR INTERCONNECTION OR DISCONNECTION OF YOUR RE SYSTEM FROM THE APS DISTRIBUTION SYSTEM.**

#### **9. PARTIAL REQUIREMENTS SERVICE AND ELECTRIC SERVICE CONDITIONS**

If you choose a partial requirements rate for the purpose of receiving compensation from APS for the excess generation produced by your grid-tied RE System (as described in Paragraphs 5 and 8) for delivery into the APS distribution system, this compensation will be governed by our standard ACC-approved tariffs, terms and conditions. All of our rate schedules are posted at [www.aps.com](http://www.aps.com) or are available to you upon request by calling 602-328-1924. You may change to a different rate schedule than the one selected at the time of commissioning by contacting APS via phone, mail or email; however, you must remain on the partial requirements rate you select for at least one year. No further agreement or amendment will be required.

Your relationship with us under this Program will continue to be governed by the terms and conditions of our ACC-approved Schedules dealing with service to our customers. This includes provisions for unobstructed access to your premises in order to conduct meter reads or to inspect your utility disconnect switch or other inspections related to your services. You can access these schedules at [www.aps.com](http://www.aps.com) or these can be obtained by calling us at 602-328-1924.

The electric service provided under this Agreement will be in the form of single phase, split or three phase alternating current at 60 hertz and 120/240 volts

#### **10. TRANSFER OF ENVIRONMENTAL CREDITS**

There is an environmental credit associated with each kilowatt-hour (kWh) of electricity produced by your RE System, which represents the environmental benefits, emissions, reductions, offsets and allowances attributable to the generation of energy from your RE System. Title to and ownership of any and all environmental credits associated with your RE System will be assigned to us when we make payment of the Credit Purchase Payment to you. Thereafter, we will have exclusive title to and ownership of all such environmental credits. The calculation, use and retirement of any and all environmental credits will be in our sole and exclusive discretion. Your acceptance of the Credit Purchase Payment operates as your waiver and relinquishment of any right, title, claim or interest in the environmental credits and entitles APS to any and all environmental credits associated with your RE System from the Effective Date of this Agreement through the date that is twenty (20) years following the Commissioning Deadline (as defined below).

#### **11. CREDIT PURCHASE PAYMENT**

We will pay you the Credit Purchase Payment as a one-time payment in exchange for the transfer of environmental credits to APS as described in Paragraph 10 above. The amount of the Credit Purchase Payment can be viewed at [aps.com/renewables](http://aps.com/renewables) or can be requested by calling 602-328-1924.

Credit Purchase Payments made to manufacturers, dealers and installers cannot exceed fifty percent (50%) of the RE System cost basis. Dealers or installers cannot include the cost of installation in their RE System cost basis. Subject to APS audit, dealers must be able to substantiate what they paid for each system component sold to you. If you are an RE System manufacturer or component manufacturer seeking to participate in this Program as an APS customer (i.e., using your own manufactured components in a system on your Property that will be interconnected with our grid), you will be required to deduct from your System's cost the fair market value of your own products that are included in the installation.

The Credit Purchase Payment represents APS' sole incentive obligation to you under the Program as outlined in this Agreement. When your RE System is fully installed, operational and properly interconnected pursuant to your Interconnection Agreement with APS, you must submit to us a completed Installation Certification form, which can be found at [aps.com/renewables](http://aps.com/renewables). The date on which you submit such form to APS shall be deemed the Commissioning Date for your RE System. Upon APS's receipt of your Installation Certification form and confirmation that you have met all Program requirements, we will issue your Credit Purchase Payment. You may request that our Credit Purchase Payment to you be made directly to your manufacturer, dealer or installer. Your request to receive the Credit Purchase Payment or your request that the Credit Purchase Payment be made to your manufacturer, dealer or installer constitutes your acknowledgement and confirmation that installation of the RE System has been satisfactorily completed at your Property and that the information provided to us on your Reservation Application, or if applicable, your Amended Reservation Application accurately describes the RE System as it was installed at your Property.

The following additional terms and conditions apply to the Credit Purchase Payment:

- The Credit Purchase Payment will not be paid out to you in the event, and for the duration, that your APS account for electrical service is delinquent.
- The Credit Purchase Payment may be subject to full or partial refund, in accordance with Section \_\_\_\_ of this Agreement.
- You are solely responsible for the payment of any and all taxes applicable to the RE System and/or the Credit Purchase Payment.
- Following our issuance of the Credit Purchase Payment you may not remove, alter or otherwise modify or change your RE System, including, without limitation, the plans, control and protective devices or settings, and in general its specifications, configuration or any facilities related to it. If you do want to make any changes or modifications, we require that you first resubmit plans describing the proposed changes or modifications for our prior review and approval. No such change or modification may be made without our prior written approval.

## 12. OPERATING RESPONSIBILITY; SALE OF PROPERTY; AND CUSTOMER'S REFUND OBLIGATION

Your participation in the Program requires you to operate your RE System continuously for a period of twenty (20) years following the Commissioning Date. If you fail to do so, then you will be considered to be out of compliance with the Program requirements and we will be entitled to take certain actions as described in this Section.

You are required to notify us prior to removing your RE System and must notify us within five (5) business days if you become aware that the RE System is no longer operational (the "Non Commissioning Date")

Liquidated damages apply if you fail to maintain and operate your RE System continuously for a period of twenty (20) years following the Commissioning Date. In such event, APS shall be entitled to an undiscounted pro-rated refund (based on 240 months) of the Credit Purchase Payment Based on the Non Commissioning Date. Payment shall be due by you no later than five (5) business days following your receipt of such refund request by APS.

We may, in our sole discretion, waive the foregoing reimbursement obligation or any other instance of your noncompliance if we determine that the RE System is not operational due to equipment malfunction or other disrepair that is not attributable to you and you are actively and reasonably making diligent, good faith efforts to repair the RE System and return it to operation.

When we receive your reimbursement payment this Agreement will be deemed terminated and neither APS nor you will have any further obligation to each other, but resolution of our respective obligations and rights will continue to be determined by this Agreement until our relationship with one another is finally and completely resolved. If you decide you want to reconnect your RE System to the APS distribution system after this Agreement is terminated, you must complete an interconnection application, sign a new Interconnection Agreement, agree to submit your system to a field inspection, and receive permission to operate from APS prior to re-commissioning your RE System.

There are certain important conditions to keep in mind if you sell the Property where the RE System is located.

- You are required to notify us in writing promptly in the event that you intend to sell your Property.
- If you sell your Property during the term of this Agreement, you are required to have your buyer execute an agreement whereby such buyer will assume your obligations under this Agreement. Such agreement will be provided to you upon request. In the event that your buyer does not timely execute such agreement, you will remain liable for all requirements and obligations under this Agreement notwithstanding the sale of your Property and RE System. In such event, any failure by you or your buyer to operate and maintain the RE system pursuant to the terms of this Agreement will entitle APS to all available remedies, including those set forth in Paragraph \_\_\_\_\_ herein.

### 13. METER READING

APS shall provide and set an electronic, utility-grade electrical meter ("Inverter-Output Meter") on the RE System that is compatible with the APS meter reading and billing systems.

You shall provide, at your expense, a dedicated phone line to each generator meter and also to the facility service entrance section main billing meter and/or sub meters if necessary, as determined by APS. Each dedicated phone line is to be landed on the APS-provided telephone interface module, which is typically, located within two (2) feet of the meter.

You shall be responsible, at your expense, for installing the meter socket and all associated equipment. The location of Inverter-Output meter shall be approved by APS and shall be located so that APS has unassisted access to the meter in accordance with APS requirements including, but not limited to, Section 300 of the APS ESRM ("Electric Service Requirements Manual") and Service Schedule 1 ("Terms and Conditions for Standard Offer and Direct Access Services").

### 14. CUSTOMER INFORMATION

By participating in this Program, you are agreeing that we may use data related to your participation for statistical purposes or other studies. Such data will generally include technical system and production information, but will not include any personal Customer information.

### 15. COMPLIANCE OBLIGATIONS

You are responsible for compliance with any laws, regulations, ordinances or codes that may apply to operation of your RE System and your participation in the Program, as well as site restrictions, whether they are federal, state or local, including, but not limited to, homeowners' association covenants or other local neighborhood requirements.

### 16. CUSTOMER'S INDEMNITY

By participating in the Program, you agree to indemnify, defend and hold us harmless from and against any claims, liability, damages, judgments, fines, penalties, costs, expenses and fees (including reasonable attorneys fees) made against us by third parties with respect to personal injuries (including loss of life) or property damage or loss resulting in whole or in part from the operation, use or failure of your RE System, except to the extent such result is from our sole negligence.

### 17. GOVERNING LAW

These terms and conditions are governed by and interpreted in accordance with the laws of the State of Arizona without giving effect to its principles of conflicts of laws.

### 18. SEVERABILITY

If any provision of this Agreement is found to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of these terms and conditions shall not in any way be affected or impaired thereby.

### 19. EFFECT OF THIS AGREEMENT

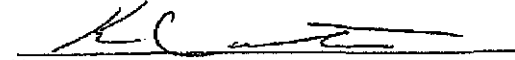
We both agree that this Agreement represents a binding agreement between us pertaining to the subject matter hereof. This Agreement may not be modified or amended in any way except in writing signed by both of us. These terms and conditions do not modify, change or impact any other agreement between us such as that relating to the interconnection of your RE System.

## 20. REGULATORY CHANGES

APS reserves the right to unilaterally file an application with the ACC for a change in our Program or interconnection requirements

### CUSTOMER

Ken Carter \_\_\_\_\_  
Name (Please Print)

  
Signature

03/05/2010 \_\_\_\_\_  
Date

This confirmation information will be completed by APS:

Reservation # \_\_\_\_\_

Reserved Incentive Amount \_\_\_\_\_



**Exhibit A**  
**Reservation Application**  
**(to be attached upon submission of this Agreement)**

**EXHIBIT A-3**

## SOLAR SERVICES AGREEMENT SHADOW MOUNTAIN HIGH SCHOOL

THIS SOLAR SERVICES AGREEMENT (this "SSA" or "Agreement") is made and entered into as of this 10 day of March, 2010 (the "Effective Date"), by and between SOLON PV1, LLC, an Arizona limited liability company ("Provider") and Paradise Valley Unified School District No. 69, a political subdivision of the State of Arizona ("Recipient"). Provider and Recipient are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, concurrently herewith, Recipient and Provider are entering that certain Site Lease Agreement (the "Lease") pursuant to which Provider agrees to lease a portion of the Facility (as defined in the Lease) located at 2902 E. Shea Boulevard, Phoenix, AZ 85028 (the "Premises") as more particularly described in Exhibit A attached hereto.

WHEREAS, in connection with this Agreement, Provider shall, with Recipient's cooperation, design, construct, install, maintain, finance and operate the System, as more particularly described in Exhibit B hereto.

WHEREAS, Provider desires to provide to Recipient, and Recipient desires to purchase from Provider, all of the Solar Services, during the Initial Term in accordance with the terms and conditions of this SSA.

WHEREAS, Recipient has statutory authority to enter into this agreement pursuant to A.R.S. § 15-213.01.

WHEREAS, Recipient has determined that the total amount it will pay Provider for Provider's Solar Services provided herein and calculated on a per kWh basis will be less than the total amount Recipient would otherwise have had to pay without this Agreement to Recipient's Electric Utility Provider for the Premises calculated on a per kWh basis over the expected life of the system or 25 years, whichever is shorter, after the Commercial Operation Date pursuant to A.R.S. §15-213.01(B).

NOW THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Parties agree as follows:

### ARTICLE I DEFINED TERMS; RULES OF INTERPRETATION

1.1 Defined Terms. Capitalized terms, not otherwise defined in the body of the SSA, shall have the meanings ascribed to them in Exhibit C attached hereto.

1.2 Rules of Interpretation. The Rules of Interpretation contained in Exhibit C attached hereto shall apply to this SSA unless expressly provided otherwise in the body hereof.

ARTICLE II  
TERM

2.1 Term. The terms and conditions of this SSA shall be effective and enforceable as of the Effective Date; provided, however, the 20 year initial term of this SSA shall commence on the Commercial Operation Date and shall terminate on the 20th anniversary of the Commercial Operation Date (the "Initial Term"). Following the expiration of the Initial Term the Parties may enter into an extension term upon mutual agreement in writing.

2.2 Conditions Precedent. The obligations of the Provider under this SSA are expressly conditioned upon the satisfaction in full (or written waiver) of all of the following conditions:

- (a) Recipient and Provider shall have entered into the Lease;
- (b) Recipient shall have entered into an interconnection agreement related to the System with APS upon terms and conditions reasonably satisfactory to Provider;
- (c) Provider shall have entered into all applicable contracts required for the System to be placed in service;
- (d) Provider shall have secured project financing sufficient in Provider's sole discretion, to finance the cost of installation of the System and perform the other Solar Services, and, to the extent required pursuant to the applicable financing documentation, Provider shall have reached written agreement with the financing institution pursuant to which Provider assigns some or all of its rights and obligations hereunder to said financing institution (or its designated corporate affiliate) under this SSA;
- (e) It shall have been determined that Provider is not subject to regulation by the ACC as a result of entering into this SSA, or, in Provider's sole discretion, the ACC shall have approved this SSA, including the Solar Services Payment Rate, in form and substance, and shall have sufficiently defined the regulation applicable to Provider as a result of this SSA;
- (f) Recipient shall have, prior to or on the date hereof, (i) entered into an agreement with APS under the Program, in the form attached at Exhibit H, entitling Provider to a CPP in connection with the System's Energy (the "REC Purchase Agreement") in an amount equal to the product of \$2.25 per watt (DC) and the System's installed generating capacity and (ii) assigned all the CPP to Provider;
- (g) All necessary permits, licenses and other approvals required by Applicable Law to design and construct the System have been obtained; and
- (h) Each of the Parties shall have obtained the insurance required under the terms of this SSA or the Lease and provided to the other Party proof of such insurance, pursuant to the terms of this Agreement.

If any one of the conditions precedent above is not satisfied by April, 2010, Provider may terminate this Agreement without penalty and without triggering the default provisions of Article

9 or incurring any liability under this Agreement whatsoever. Notwithstanding the foregoing, Provider shall not have any liability to Recipient for a delay in the Commercial Operation Date unless such delay is caused by the negligence, gross negligence, or intentional misconduct of Provider or its agents or subcontractors, in which case Recipient may terminate this Agreement without penalty and without triggering the default provisions of Article 9 or incurring any liability under this Agreement whatsoever.

2.3 Notice of Commercial Operation. Provider shall notify Recipient when the System is capable of Commercial Operation, and shall in such Notice specify to Recipient the Commercial Operation Date. Such notice provided pursuant to this Section 2.3, shall be delivered not less than three (3) Business Days prior to the Commercial Operation Date.

2.4 Removal of System at End of Term. Except as otherwise provided herein, Provider shall remove, within ninety (90) days following the end of the Term, and at Provider's sole cost and expense, the System from the Premises. Provider and its agents, consultants, and representatives shall have access at all reasonable times to the Premises and the System for purposes of such removal. The Provider shall repair any and all damage caused by Provider and its agents in connection with the removal of the System.

2.5 Survival. Effective as of any termination of this SSA, the Parties will no longer be bound by the terms and conditions of this SSA, except (a) to the extent necessary to enforce any rights and obligations of the Parties, including payment obligations, arising under this SSA prior to termination of this SSA, (b) as provided in Section 2.4, and Section 12.4 that the obligations of the Parties under this SSA with respect to indemnification will survive the termination of this SSA and will continue (but only with respect to claims for indemnification based upon events or circumstances occurring or arising on or before the termination of this SSA) for a period of three (3) years following any termination of this SSA.

### ARTICLE III PURCHASE AND SALE; DELIVERY; GOVERNMENTAL CHARGES

3.1 Purchase and Sale of Solar Services. Subject to certain limitations hereunder and the terms and conditions hereunder, Recipient engages Provider to provide the Solar Services to Recipient and Provider agrees to provide the Solar Services to Recipient. Commencing on the Commercial Operation Date and continuing throughout the remainder of the Term, Provider shall make available to Recipient, and Recipient shall take delivery of, at the Delivery Point, all of the Energy Output (100%) produced by the System. Neither Party shall seek to change any of the rates or terms of this Agreement by making a filing or application with any local, state or federal agency with jurisdiction over such rates or terms or exercise any rights a Party may have, if any, to seek changes to such rates or terms during the Term of this Agreement. Neither Party may claim that this SSA is intended to subject Provider to regulation under the ACC or construe the Provider as a "public service corporation" under Arizona law.

3.2 Price. Recipient shall pay Provider for the Solar Services at the applicable Solar Services Payment Rate as set forth on Exhibit D. While the Solar Services are calculated and billed on the basis of KWh of Energy as set forth in Exhibit D, Recipient acknowledges and agrees that such Solar Services represent a package of services as reflected in the definition of

"Solar Services" in Exhibit C. For the sake of clarity, the price per KWh of Energy payment rate herein referred to as the Solar Services Payment Rate has been calculated to, over the term of this SSA, include all the Solar Services performed by Provider under this SSA and does not represent the actual value of the KWh of Energy Output.

3.3 Test Energy. Prior to the Commercial Operation Date, Recipient shall have the right, upon request, to have its representatives present during the testing process. Such representatives shall be subject to the reasonable written rules and procedures as may be established by Provider. Recipient shall pay Provider during the testing phase at a rate equal to the Solar Services Payment Rate that would otherwise be applicable on the Commercial Operation Date.

3.4 Title and Risk of Loss. Title to and risk of loss of the Energy Output will pass from Provider to Recipient at the Delivery Point and Recipient will be deemed to be in exclusive control of the Energy at and from the Delivery Point. Risk of loss related to Energy will transfer from Provider to Recipient at the Delivery Point.

3.5 Governmental Charges.

(a) Recipient shall be responsible for and pay all Governmental Charges imposed directly on it or imposed directly on Provider in connection with or relating to the delivery and sale of Solar Services by Provider to Recipient, whether imposed before, upon or after the delivery of Energy Output to Recipient at the Delivery Point.

(b) Both Parties shall use reasonable efforts to administer this SSA and implement its provisions so as to minimize Governmental Charges. Provider may invoice Recipient for the Governmental Charges described in Section 3.5(a).

(c) In the event any of the sales of Energy or Environmental Attributes hereunder are to be exempted from or not subject to one or more Governmental Charges, promptly upon Provider's request therefore, Recipient shall provide Provider with all necessary documentation to evidence such exemption or exclusion.

3.6 Outages.

(a) Recipient shall be permitted one (1) offline period (each an "Authorized Offline Period") each calendar year (e.g., January to December) during which period Recipient shall not be obligated to accept or pay for Solar Services; provided, however, that Recipient shall provide Provider not less than ten (10) Business Days prior Notice of any such Authorized Offline Period and shall use commercially reasonable efforts to schedule and coordinate such Authorized Offline Period(s) with Provider so as to minimize the loss of Energy Output. An Authorized Offline Period shall not exceed twenty four (24) hours. If, for reasons other than a Force Majeure or an Authorized Offline Period, Recipient causes, directly or indirectly, the temporary suspension or shutdown of the System or the cessation or reduction in the Energy that Provider would have otherwise delivered to the Delivery Point (an "Unauthorized Shutdown") then Recipient shall pay "in lieu" fees to Provider ("Temporary Shutdown Fees") equal to the product of (x) the difference between the Expected Monthly Output (reduced on a pro rata hourly basis for the number of hours in any Authorized Offline Period) for the month in which such

Unauthorized Shutdown occurred and its actual Energy Output and (y) the applicable Solar Services Payment Rate. The calculation of any Temporary Shutdown Fees shall also include the value of any lost payments or forced refunds associated with the Environmental Attributes, including those related to the CPP or the Program, caused by or attributable to the Unauthorized Shutdown. The Temporary Shutdown Fees shall be made to Provider to offset foregone consideration under this SSA and shall not allow Recipient to reduce future payments under this SSA or entitle Recipient to future Energy Output at a later date. Provider shall provide and justify data that reasonably demonstrates the approximate loss of Energy Output that occurred due to the Unauthorized Shutdown. In the event that Recipient reasonably determines that additional information is necessary to support Provider's calculations, Recipient may submit a Notice to Provider, within thirty (30) days of receipt of Provider's calculations, that specifies what information it believes necessary to confirm the accuracy of such calculations. If Recipient does not deliver such Notice for additional information within such thirty-day period, then Recipient shall be deemed to agree to Provider's calculations, including any Temporary Shutdown Fees associated with the same. If Recipient delivers a Notice to Provider for additional information, then the Parties shall work in good-faith to timely agree to the calculations and the Temporary Shutdown Fees associated with the same. If the Parties cannot come to an agreement on such amounts within thirty (30) days of the delivery of Recipient's notice, then the matter shall be submitted to arbitration pursuant to Article 15.

(b) Notwithstanding anything to the contrary herein, Provider shall be entitled to suspend delivery of Energy to the Premises for the purpose of maintaining and repairing any System and such suspension of service by Provider or APS shall not constitute a breach of this SSA or an Unauthorized Shutdown, provided that Provider shall use commercially reasonable efforts to minimize any interruption in service to the Recipient.

3.7 Guaranteed Energy Savings Contract. The parties hereto agree that at all times they will act in accordance with the provisions of A.R.S. §15-213.01. The Provider and Recipient hereby stipulate that the total amount Recipient will pay Provider for Provider's Solar Services provided herein on a per kWh basis will be less than the total amount Recipient would otherwise have had to pay without this agreement to Recipient's Electric Utility Provider for the Premises, calculated on a per kWh basis over the expected life of the system or 25 years, whichever is shorter, after the Commercial Operation Date. Provider and Recipient hereby agree that when calculating the cost savings under this Agreement, the energy baseline shall be adjusted pursuant to A.R.S. § 15-213.01(F)(1) and shall be increased on an annual basis by an amount not less than the Solar Services Price Escalator. The calculation of savings performed pursuant to the provisions of this section ensure compliance with A.R.S. § 15-213.01(J).

#### ARTICLE IV ENVIRONMENTAL ATTRIBUTES

4.1 Title to Environmental Attributes. Notwithstanding the purchase and sale of Solar Services pursuant to Section 3.1, Provider owns all right, title, and interest in and to any and all Environmental Attributes that relate to the Energy Output during the Term; provided, however, it is understood by the parties that APS requires Recipient to enter into the REC Purchase Agreement and the Parties agree that for the purpose of facilitating payment of the CPP to Provider for the Environmental Attributes (during the term of the REC Purchase Agreement) that

Recipient was hereby expressly authorized by Provider to assign and transfer all applicable Environmental Attributes generated by the System to APS consistent with the REC Purchase Agreement. In addition, the Recipient has, prior to or on the date hereof, entered into the REC Purchase Agreement under which Recipient has conveyed title and ownership to the Environmental Attributes to APS for the term of such REC Purchase Agreement in consideration for the CPP and that by the terms and conditions of the REC Purchase Agreement Provider shall receive directly any CPP payments paid by APS under in the REC Purchase Agreement. In the event that Recipient receives any CPP from APS, Recipient agrees that it shall distribute such CPP to Provider along with proper Notice thereof and in no event shall it take longer than seven (7) Business Days to do so. If the REC Purchase Agreement terminates prior to the termination of this SSA then Provider shall, at its sole discretion, have all rights, title and interest to sell or transfer the Environmental Attributes relating to the System or the Energy Output and to enter into any agreement to so consummate.

#### ARTICLE V CONSTRUCTION AND INSTALLATION OF THE SYSTEM

5.1 Installation. Subject to Section 5.2, Provider will cause the System to be designed, engineered, installed and constructed substantially in accordance with the terms of this Agreement, the Lease, the EPC and Applicable Law. Recipient shall be given the opportunity to review and approve all construction plans, such review and approval not to be unreasonably withheld or delayed. If Recipient fails to approve or reject such construction plans within ten (10) Business Days of receipt, such plans shall be deemed to be approved by Recipient. Provider shall procure all materials and equipment for the installation of the System and maintain the same at the Premises. Subject to the terms of the Lease and to the extent commercially practical, Provider shall perform the installation of the System in a manner that minimizes inconvenience to and interference with Recipient. Notwithstanding the foregoing, in the event that Provider determines in its sole discretion that it is unable to install or interconnect the System at the Premises as contemplated hereunder or under the Lease, it shall be under no obligation to do so, and this Agreement shall terminate and be of no further force and effect upon Notice from Provider to Recipient to that effect.

5.2 Utility Approvals. Recipient shall be responsible for and bear all costs associated with applying for and obtaining all permits, licenses and approvals required for the installation, operation, and maintenance of the System. Notwithstanding the foregoing, Provider agrees to assist Recipient in obtaining all necessary permits, licenses and approvals in connection with the installation, operation and maintenance of the System, including but not limited to the preparation of applications for interconnection of the System with APS and applications for the resale of excess power to the APS. Recipient shall not make any material changes to its electrical equipment at the Premises after the date on which the interconnection application is submitted unless any such changes, individually or in the aggregate, would not adversely affect the approval by APS of such interconnection. Should APS or its representatives or agents, or any of state or local inspector fail to approve the interconnection of the System with respect to the Premises or require equipment in addition to the equipment set forth in Exhibit B in connection with the Premises, Provider may terminate this Agreement immediately subsequent to notification from the APS. The Parties shall not be obligated to proceed with the installation or operation of the System if the APS or other regulatory approvals are conditioned upon



material upgrades to the existing electrical infrastructure and neither Party elects to provide for such upgrades.

5.3 Energy Delivery. Provider may commence delivering Energy upon the Commercial Operation Date, provided that Recipient is under no obligation to accept Energy delivered to the Premises unless and until the following have occurred:

(a) Provider shall have obtained, and provided Recipient satisfactory evidence with respect to, insurance coverage for the System consistent with the terms and conditions hereof; and

(b) Provider shall have provided Notice to Recipient that the Commercial Operate Date has occurred.

5.4 Recipient Cooperation and Responsibilities. Recipient will cooperate with Provider and any third parties with whom Provider contracts by providing access to the Premises during working hours without unreasonable restrictions. The Parties shall cooperate in obtaining and maintaining all permits and licenses required for Commercial Operations as further described in Section 5.2.

## ARTICLE VI OWNERSHIP; MAINTENANCE OF SYSTEM

6.1 Ownership of System by Provider. Provider shall own the System, and shall be entitled to own, claim and retain any and all Tax Benefits and REC Financial Incentives. Recipient acknowledges that Provider or its assignee will be seeking to obtain the receipt of Tax Benefits and REC Financial Incentives, and Recipient agrees to cooperate with Provider in any manner requested by Provider with respect to pursuing such items. Recipient expressly disclaims any rights, interest or title to federal, state or local tax, grants or subsidies associated with the System or any other right, title and interests associated with ownership of the System, other than the rights granted hereunder to enter into, and convey Environmental Attributes to APS pursuant to the REC Purchase Agreement.

6.2 Lease of Premises. Pursuant to the terms and conditions of the Lease being entered into concurrently herewith, the Parties acknowledge and agree that Provider is leasing the Premises upon which the System is located and such Lease is necessary for the performance of the Solar Services. The Parties expressly agree that the Lease and the SSA are coterminous and a termination of the Lease shall terminate this SSA.

6.3 Maintenance and Operation of System by Provider.

(a) Provider shall maintain the System in good condition and repair in accordance with applicable contractor, subcontractor and vendor warranties and guarantees and manufacturer's instructions and specifications, all Applicable Laws and applicable standards, and the applicable requirements of the insurance policies maintained by Recipient (copies of which to be provided to Provider) with respect to the System, and the terms of this SSA.

(b) Provider and its agents, consultants, and representatives shall have access at all reasonable times (including under emergency conditions) to the Premises and the System, all System operations, and any documents, materials and records and accounts relating thereto for purposes of inspection and maintenance of the System. During any inspection or maintenance of the System, Provider, and its agents, consultants and representatives shall comply with Recipient's reasonable safety and security procedures, and Provider and its agents, consultants and representatives shall conduct all operation, inspection and maintenance (including repair and replacement activities) in such a manner as to cause minimum interference with Recipient's activities and the activities of Recipient's tenants.

## ARTICLE VII METERING DEVICE AND METERING

7.1 Metering Equipment. Provider shall provide, install, own, operate and maintain a Metering Device for the System.

7.2 Measurements. Readings of the Metering Device shall be conclusive as to the amount of Energy Output; provided that if the Metering Device is out of service, is discovered to be inaccurate pursuant to Section 7.3, or otherwise registers inaccurately, measurement of the Energy Output shall be determined in the following sequence: (a) by estimating by reference to quantities measured during periods of similar conditions when the Metering Device was registering accurately; or (b) if no reliable information exists as to the period of time during which such Metering Device was registering inaccurately, it shall be assumed for correction purposes hereunder that the period of such inaccuracy was equal to one-half of the period from the date of the last previous test of such Metering Device through the date of the adjustments, provided, however, that the period covered by the correction under this Section 7.3 shall not exceed six (6) months.

7.3 Testing and Correction Recipient's Right to Conduct Tests.

(a) Provider shall cause the Metering Device to be tested annually, commencing as of the first anniversary of the Commercial Operation Date. Recipient and its consultants and representatives shall have the right to witness any Metering Device test to verify the accuracy of the measurements and recordings of the Metering Device. Provider shall provide at least twenty (20) calendar days' Notice to Recipient of the date upon which any such test is to occur. Provider shall prepare a written report setting forth the results of each such test, and shall, at the request of Recipient, provide Recipient with copies of such written report not later than thirty (30) calendar days after completion of such test. Provider shall bear the cost of the annual testing of the Metering Device and the preparation of the Metering Device test reports.

(b) Standard of Metering Device Accuracy; Resolution of Disputes as to Accuracy. The following steps shall be taken to resolve any disputes regarding the accuracy of the Metering Device:

(i) If either Party disputes the accuracy or condition of the Metering Device, such Party shall provide the other Party Notice.

(ii) Provider shall, within fifteen (15) calendar days after receiving such Notice from Recipient or issuing such Notice to Recipient, advise Recipient in writing as to Provider's position concerning the accuracy of such Metering Device and Provider's reasons for taking such position.

(iii) If the Parties are unable to resolve the dispute through reasonable negotiations, then either Party may request a test of the Metering Device.

(iv) If the Metering Device is found to be inaccurate by not more than two percent (2%), any previous recordings of the Metering Device shall be deemed accurate, and the Party disputing the accuracy or condition of the Metering Device under Section 7.3(b)(i) shall bear the cost of inspection and testing of the Metering Device.

(v) If the Metering Device is found to be inaccurate by more than two percent (2%) or if such Metering Device is for any reason out of service or fails to register, then (a) Provider shall bear the cost of inspection and testing of the Metering Device and shall promptly cause any Metering Device found to be inaccurate to be adjusted to correct, to the extent practicable, such inaccuracy, and (b) the Parties shall estimate the correct amounts of Energy delivered during the periods affected by such inaccuracy, service outage or failure to register as provided in Section 7.2. If as a result of such adjustment the Energy Output for any period is reduced (the amount of such reduction being, the "Energy Deficiency Quantity") then Provider shall provide Recipient a credit on its next monthly invoice, for the amount paid by Recipient in consideration for such Energy Deficiency Quantity; provided further that if the amount paid by Recipient in consideration for the Energy Deficiency Quantity exceeds the amount otherwise payable by Recipient with respect to such invoice, such excess shall be carried forward and applied as a credit against the amount otherwise payable by Recipient with respect to the next succeeding invoice. If as a result of such adjustment the Energy Output for any period is increased (such increase being the "Energy Surplus Quantity"), Provider shall invoice Recipient for the Energy Surplus Quantity at the Solar Services Payment Rate applicable to each of the month(s) in which such Energy Surplus Quantity was delivered on its next monthly invoice and Recipient shall pay such amount as set forth in Article 10.

#### ARTICLE VIII

#### LOSS, DAMAGE OR DESTRUCTION OF SYSTEM; INSURANCE; FORCE MAJEURE

8.1 System Loss. Subject to Section 12.1 and Section 12.5 of this Agreement, Provider shall bear the risk of any System Loss.

(a) In the event of any System Loss that, in the reasonable judgment of Provider, results in less than total damage, destruction or loss of the System, this SSA will remain in full force and effect and Provider shall have option, at Provider's absolute and sole discretion and sole cost and expense, to repair or replace the System as quickly as practicable. Provider shall be entitled to all proceeds of insurance with respect to the System.

(b) In the event of any System Loss that, in the reasonable judgment of Provider, results in total damage, destruction or loss of the System, Provider shall, within twenty (20) Business Days following the occurrence of such System Loss, notify Recipient whether

Provider is willing, notwithstanding such System Loss, to repair or replace the System. In the event that Provider notifies Recipient that Provider is not willing to repair or replace the System, this SSA will terminate automatically effective upon the delivery of such Notice, and Provider shall be entitled to all proceeds of insurance with respect to the System.

## 8.2 Insurance.

(a) Provider shall maintain without interruption insurance policies of the types and in the amounts and for the duration set forth in Exhibit F hereto.

(b) Recipient shall maintain without interruption insurance policies of the types and in the amounts and for the duration set forth in Exhibit G hereto.

(c) Each Party shall furnish the other Party certification of insurance reasonably acceptable to such other Party prior to the date on which such insurance is required pursuant to Exhibit F or Exhibit G, as applicable. Such certification shall certify that unless otherwise permitted under this SSA or the Lease, coverages obtained under such policies will not be cancelled or allowed to expire by the applicable Party furnishing the certification without prior thirty (30) days Notice to the other Party, except that there shall be ten (10) days Notice provided in the event that such policies are canceled due to non-payment of premiums.

(d) The provisions of this SSA shall not be construed so as to relieve any insurer of its obligation to pay any insurance proceeds in accordance with the terms and conditions of valid and collectible insurance policies. The respective liability of each Party as agreed to pursuant to the terms and conditions of this SSA shall not be limited by the amount of insurance coverage required to be obtained by each Party.

8.3 Performance Excused by Force Majeure. To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this SSA and such Party (the "Claiming Party") gives Notice to the other Party as soon as practicable (and in any event within five (5) Business Days after the Force Majeure first prevents performance by the Claiming Party), such Notice to include the details of the Force Majeure and the steps the Claiming Party is taking to mitigate the effects thereof, then the Claiming Party will be excused from the performance of its obligations under this SSA (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure, and except as otherwise provided in Section 8.1). The Claiming Party will use commercially reasonable efforts to mitigate, eliminate or avoid the effects of the Force Majeure and resume performing its obligations; provided, however, that neither Party shall be required to settle any strikes, lockouts or similar disputes except on terms acceptable to such Party, in its sole discretion. Except as otherwise provided in Section 8.1, the non-Claiming Party will not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

8.4 Recipient's Covenants. As a material inducement to Provider's execution of this SSA, Recipient covenants and agrees as follows:

(a) Health and Safety. Recipient shall at all times maintain the areas of the Premises consistent with all Applicable Laws pertaining to the health and safety of persons and property.

(b) Security. Recipient shall provide and take reasonable measures for security of the System, including commercially reasonable monitoring of the Premises alarms, if any.

(c) Damages. Recipient shall promptly notify Provider of any matters it is aware of pertaining to any damage to or loss of the use of any System or that could reasonably be expected to adversely affect the System. Recipient shall use commercially reasonable efforts to eliminate or control pests that could cause damage to or could reasonably be expected to adversely affect the System. As used in the foregoing sentence, "Pests" shall include, but not be limited to, birds, animals, rodents, vermin and insects.

(d) Liens. Recipient shall not directly or indirectly cause, create, incur, assume or suffer to exist any mortgage, pledge, lien (including mechanics', labor or materialman's lien), charge, security interest, encumbrance or claim of any nature ("Liens") on or with respect to the System or any interest therein. Recipient also shall pay promptly before a fine or penalty may attach to any System any taxes, charges or fees of whatever type of any relevant Governmental Authority for which Recipient is responsible. If Recipient breaches its covenant under this Section, it shall immediately notify Provider in writing, shall promptly cause such Lien to be discharged and released of record without cost to Provider, and shall indemnify Provider against all costs and expenses (including reasonable attorneys' fees and court costs at trial and on appeal) incurred in discharging and releasing such Lien.

(e) Consents and Approvals. Recipient shall obtain and maintain, and secure and deliver to Provider copies of, all consents, approvals, permits, licenses, and authorizations relating to the performance of Recipient's obligations and the rights granted by Recipient hereunder, and that are required by the terms, conditions or provisions of any restriction or any agreement or instrument to which Recipient is a party or by which Recipient is bound, including completing applications for interconnection with APS.

(f) Maintenance of Interconnection. Recipient shall ensure that the Premises and the System shall remain interconnected to the electrical grid during the entire Term, except as specifically permitted under this Agreement. Recipient and its agents or representatives shall not interfere with the operation of the System, other than in circumstances where the continued operation of the System would pose an imminent threat of bodily injury or property damage.

(g) Recipient Maintenance Removal. If for any reason Recipient determines that all or a portion of the System must be removed from the roof for maintenance of the roof or any appurtenances thereto at any time during the term of this Agreement then such removal of the system ("Recipient Maintenance Removal") will be governed by the provisions of Section 3.6 of this Agreement unless modified in this Section. Recipient shall provide Provider not less than ten (10) Business Days prior Notice of any Recipient Maintenance Removal and shall use commercially reasonable efforts to schedule and coordinate any Recipient Maintenance Removal with Provider so as to minimize the loss of Energy Output. Recipient shall not engage party other than Provider to perform any Recipient Maintenance Removal without the express written consent of Provider. All of the costs of any Recipient Maintenance Removal and re-installation are the sole responsibility of the Recipient.

(h) Insolation. Reference is made to Section 6(f) of the Lease.

(i) Recipient Records. Recipient shall keep complete and accurate records of its operations or obligations hereunder. Provider shall have the right to examine all such records insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of any statements of costs, expense or other obligations relating to transactions hereunder.

## ARTICLE IX EVENTS OF DEFAULT; REMEDIES

9.1 Events of Default. An "Event of Default" means, with respect to a Party (a "Defaulting Party"), the occurrence of any of the following:

(a) the failure to make, when due, any payment required under this SSA if such failure is not remedied within five (5) Business Days;

(b) the failure to perform any material covenant or obligation set forth in this SSA (except to the extent constituting a separate Event of Default), if such failure is not remedied within sixty (60) days after receipt of Notice; provided, however, that if such material covenant or obligation may be cured, but not within such sixty (60) day period, and the Defaulting Party has commenced curing such default and is at all times diligently pursuing the cure thereof, such further period as may be necessary to effect such cure shall be provided for hereunder;

(c) such Party becomes Bankrupt;

(d) such Party fails to provide or maintain in full force and effect any required insurance coverage, if such failure is not remedied within fifteen (15) Business Days after receipt of Notice from the Non-Defaulting Party to the Defaulting Party; provided however that if Defaulting Party can provide evidence that all substantial actions within the Provider's direct control have taken place to remedy such lapse in coverage within the ten (10) Business Day cure period then an Event of Default under this provision shall not have occurred until thirty (30) Business Days have transpired since the receipt of Notice without the requisite coverage being implemented; or

(e) any Event of Default under, or termination of, the Lease.

9.2 Remedies for Event of Default. If an Event of Default has occurred (and has not been cured if provided for under Section 9.1), the non-defaulting Party (the "Non-Defaulting Party") will, without limiting any other rights or remedies available to the Non-Defaulting Party under this SSA or Applicable Law, have the right:

(a) by Notice to the Defaulting Party, to designate a date of early termination of this SSA ("Early Termination Date"), with such Early Termination Date to occur not earlier than five (5) Business Days from the date of such Notice, other than in the case of an Event of Default under Section 9.1(c), in which case the termination may be immediate.

(b) to withhold any payments due to the Defaulting Party with respect to obligations performed from and after the date that an Event of Default has occurred; and

(c) to suspend any of its performance or obligations under this SSA (other than payments due to Defaulting Party for obligations performed prior to the date of an Event of Default).

In the event that the Non-Defaulting Party designates an Early Termination Date pursuant to Section 9.2(a) above, this SSA will terminate as of the Early Termination Date. The Parties hereby agree that except for a termination of the Lease which will automatically terminate this SSA, an Event of Default will not automatically terminate this SSA absent a Non-Defaulting Party Notice of such Party's intention to set an Early Termination Date.

9.3 Recipient Rights Upon Termination for Default. In the event that Recipient is the Non-Defaulting Party, and Recipient elects to terminate this SSA as provided in Section 9.2, Recipient will be entitled, in its sole and absolute discretion, either to:

(a) require that Provider remove the System (or to remove the System if Provider fails to remove the System within thirty (30) Business Days after the Early Termination Date, in which case the Recipient must use commercially reasonable efforts to store the System with due care and Provider is obligated to reimburse Recipient for all reasonable costs and expenses related to removing and/or storing the System), or

(b) exercise the Purchase Option provided in Section 13.1.

9.4 Provider Rights Upon Termination for Default. In the event that Provider is the Non-Defaulting Party, and that Provider elects to terminate this SSA as provided in Section 9.2, Provider will be entitled to, in its sole and absolute discretion, either to:

(a) demand payment from the Recipient of the applicable Termination Payment for the System, as reflected in Exhibit E, with such payment to be made immediately by Recipient upon demand by Provider in readily available funds (upon payment of which Provider will transfer all of its right, title and interest in the System Assets to Recipient, free and clear of all liens); or

(b) remove the System from the Premises, and demand payment from Recipient of (i) the costs to remove the System from the Premises and install the System at one or more new locations, (ii) the product of the Expected Monthly Output for a period of nine (9) months and the applicable Solar Services Payment Rate, (3) the amount of any refund of the CPP due to APS under the terms of the Program and (4) all other amounts otherwise due and payable to Provider hereunder as of the Early Termination Date. Termination of this SSA, removal of the System and payment of the amounts due pursuant to this Section 9.4(b) shall take place within forty-five (45) Business Days after Provider's Notice to Recipient of its election to exercise its option to remove the System.

9.5 Remedies Cumulative. The rights and remedies contained in this Article 9 are cumulative with the other rights and remedies available under this SSA or at law or in equity and an election of remedy provided in either Section 9.3 or Section 9.4 does not prevent the Non-Defaulting Party from seeking any other damages and remedies at law or in equity.

9.6 Unpaid Obligations. The Non-Defaulting Party shall be under no obligation to prioritize the order with respect to which it exercises anyone or more rights and remedies available under this SSA. Notwithstanding anything to the contrary herein, the Defaulting Party shall in all events remain liable to the Non-Defaulting Party for any amount payable by the Defaulting Party in respect of any of its obligations remaining outstanding after any such exercise of rights or remedies.

## ARTICLE X INVOICING AND PAYMENT

10.1 Invoicing and Payment. Billing shall be conducted consistent with Provider's usual and customary practices, as may change from time to time. All invoices under this SSA will be due and payable not later than thirty (30) days after receipt of the applicable invoice ("Due Date"). All payments hereunder shall be made without setoff or deduction. Recipient will make payment by mutually agreeable methods, to the account designated by Provider. Any amounts not paid by the applicable Due Date will accrue interest at the Interest Rate until paid in full.

10.2 Disputed Amounts. Recipient may in good faith dispute the correctness of any invoice (or any adjustment to any invoice) under this SSA at any time within fifteen (15) days following the delivery of the invoice (or invoice adjustment). In the event that Recipient disputes any invoice or invoice adjustment, Recipient will nonetheless be required to pay the full amount of the applicable invoice or invoice adjustment (except any portions thereof that are manifestly inaccurate or are not reasonably supported by documentation, payment of which amounts may be withheld subject to adjustment as hereinafter set forth) on the applicable payment Due Date, except as expressly provided otherwise elsewhere in this SSA, and to give Notice of the objection to the Provider. If Provider notifies Recipient in writing within fifteen (15) days of receipt of such Notice that Provider disagrees with the allegation of error in the invoice, the Parties shall meet, by telephone conference call or otherwise, within ten (10) days of Provider's response for the purpose of attempting to resolve the dispute. If the Parties are unable to resolve the dispute within thirty (30) days after such initial meeting, such dispute shall be submitted to arbitration as set forth in Article XV. Any required payment after such arbitration will be made within five (5) Business Days after resolution of the applicable dispute, together with interest accrued at the Interest Rate from the due date to the date paid.

10.3 Provider Records and Audits. Provider shall retain all records relating to this Agreement for five (5) years after termination of this Agreement, and all such records shall be subject at all reasonable times to inspection and audit by Recipient for five (5) years after termination of this Agreement.

10.4 Adjustments to Contract Price. In the event there is any change in Applicable Law, the result of which is to materially increase Provider's costs to provide the Solar Services, Provider will promptly submit to Recipient a written notice setting forth (a) a description of the change in Applicable Law, (b) the manner in which such change in Applicable Law has changed or will materially change Provider's costs to provide the Solar Services, including reasonable computations in connection therewith and (c) Provider's proposed adjustment to the Solar Services Payment Rate payable by Recipient to reflect such expected material changes in



Provider's costs. Recipient agrees to pay an adjustment in the Solar Services Payment Rate such that the new rate compensates Provider for the total cost increase (factoring in no additional profit) related to the change in Applicable Law, which adjustment shall remain in effect over the remaining years of the Term of this SSA or until the Applicable Law that caused the increase in costs is altered, repealed, or made inapplicable to the provision of the Solar Services. The Parties further acknowledge that changes may occur in APS' billing procedures or rates, or the application or availability of credits, offsets, reductions, discounts or other benefits other than those directly related to the Energy Output. Except as otherwise conveyed to APS in consideration for the payment of the CPP, any and all credits, reductions, discounts, historical pricing or other type of benefit made available by APS, Governmental Authority or from any other source, whether arising directly or indirectly from the System or the Energy Output belong to Provider and Recipient shall immediately pay over to Provider any such amounts that may have been received by Recipient and in no event shall it take longer than seven (7) Business Days to do so.

**10.5 Effect of Termination of Agreement.** Upon the termination or expiration of this SSA, any amounts then owing by a Party to the other Party shall become immediately due and payable and the then future obligations of each Party under this SSA shall be terminated (other than the indemnity obligations set forth in Section 13). Such termination shall not relieve either Party from obligations accrued prior to the effective date of termination or expiration.

## ARTICLE XI REPRESENTATIONS AND WARRANTIES; RECIPIENT ACKNOWLEDGEMENT

**11.1 Representations and Warranties.** Each Party represents and warrants to the other Party that:

(a) the execution, delivery and performance of this SSA are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in (i) its governing documents, (ii) material contracts to which it is a party or (iii) to such Party's knowledge, any law, rule, regulation, order or the like applicable to it;

(b) subject to all conditions precedent described herein, this SSA and each other document executed and delivered in accordance with this SSA constitutes its legally valid and binding obligation enforceable against it in accordance with its terms (subject to any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies); and

(c) it (i) understands and accepts, the terms, conditions and risks of this SSA, (ii) is not relying upon the advice or recommendations of the other Party in entering into this SSA and agrees that the other Party is not acting as a fiduciary for or an adviser to it or its Affiliates and (iii) has been advised by its own independent legal counsel in connection with the negotiation of this SSA.

**11.2 Acknowledgements Regarding Bankruptcy Code.** Recipient acknowledges and agrees that, for purposes of this SSA, Provider is not a "utility" as such term is used in Section 366 of the Bankruptcy Code, and Recipient agrees to waive and not to assert the

applicability of the provisions of Section 366 in any bankruptcy proceeding wherein Recipient is a debtor. The Parties acknowledge and agree that the transactions contemplated under this Agreement constitute a "forward contract" within the meaning of the United States Bankruptcy Code, and the Parties further acknowledge and agree that each Party is a "forward contract merchant" within the meaning of the United States Bankruptcy Code.

11.3 Use of Energy. Recipient represents and warrants that none of the electricity to be generated by the System will be used to generate energy for the purpose of heating a swimming pool.

11.4 Budgeting. To the extent permitted by law Recipient agrees to include the payments required to fulfill its obligations under this Agreement in any annual (or other) budget submitted for approval by the appropriate governing body and to take all reasonable and necessary action to assure funds are available at all necessary times to satisfy its obligations hereunder. The parties hereto agree that this Agreement is subject to termination without penalty pursuant to A.R.S. §35-154.

## ARTICLE XII

### INDEMNITY; LIMITATIONS; TAX BENEFITS & REC FINANCIAL INCENTIVES

12.1 Indemnity. To the extent allowable by law, each Party (the "Indemnitor") hereby indemnifies and agrees to defend and hold harmless the other Party (the "Indemnatee") from and against any and all Indemnity Claims, whether or not involving a third-party claim, caused by, resulting from, relating to or arising out of (i) any material breach of this SSA or the Lease by the Indemnitor or any of its directors, officers, employees or agents or (ii) any gross negligence or intentional misconduct on the part of the Indemnitor or any of its directors, officers, employees or agents; provided, however, that the Indemnitor will not have any obligation to indemnify the Indemnatee from or against any Indemnity Claims to the extent caused by, resulting from, relating to or arising out of the negligence or intentional misconduct of the Indemnatee or any of its directors, officers, employees or agents. Notwithstanding the foregoing, Provider's total liability hereunder for indemnity shall in all respects be limited to the amounts paid to it hereunder during the most recent twenty four (24) month period and Recipient's total liability hereunder for indemnity shall in all respects be limited to the maximum Termination Payment payable under this SSA. For the sake of clarity, the Parties indemnification limitations in the foregoing sentence do not in anyway limit (in amount or coverage) each Party's ability to avail itself of the other Party's insurance coverage obtained in connection with this SSA.

12.2 No Consequential Damages. Nothing in this SSA or the Lease is intended to cause either Party to be, and neither Party shall be, liable to the other Party for any lost business, lost profits or revenues from others or other special or consequential damages, all claims for which are hereby irrevocably waived by the Parties. Notwithstanding the foregoing, neither the payments for the provision of Solar Services, nor any Temporary Shutdown Fees or Terminations Payment, nor any payment pursuant to Section 12.15 hereof shall be deemed consequential damages.

12.3 Notice of Claims. Where Recipient seeks indemnification hereunder (the "Indemnified Party") the Recipient shall deliver to the Provider (the "Indemnifying Party") a

Notice describing the facts underlying its indemnification claim and the amount of such claim (each such notice a "Claim Notice"). Such Claim Notice shall be delivered promptly to the Indemnifying Party after the Indemnified Party receives notice that an action at law or a suit in equity has commenced; provided, however, that failure to deliver the Claim Notice as aforesaid shall not relieve the Indemnifying Party of its obligations under this SSA, except to the extent that such Indemnifying Party has been materially prejudiced by such failure. Where Provider seeks indemnification from Recipient hereunder, the provisions of A.R.S. § 12-821.01 apply.

12.4 Indemnity Survival. To the extent that this provision does not conflict with A.R.S. § 12-821.01 or other applicable law, the provisions of this Article XII shall survive the expiration or termination of this SSA for a period of three (3) years from such termination date.

12.5 Tax Benefits. In the event that (i) Recipient has terminated this SSA prior to the end of the Initial Term for any reason other than an Event of Default by Provider, (ii) Recipient fails to act in good faith in completing documentation or taking actions reasonably requested by Provider, and such failure is the primary reason for the loss of Tax Benefits, or (iii) Provider has terminated this SSA prior to the end of the Initial Term as a result of an Event of Default by Recipient, then (A) Recipient shall pay Provider for any loss or recapture (including the imposition of any interest and penalties) of Tax Benefits actually realized or to be realized by Provider or any assignee of Provider including any direct or indirect equity holders of Provider or such assignee resulting from such termination, as determined by Provider's tax advisor (using a standard of more likely than not); and (B) To the extent allowable by law, Recipient shall indemnify, defend, and hold harmless Provider and any assignee (and any direct or indirect equity holders of Provider or any assignee) from any loss or recapture set forth in this Section 12.5 including any penalties and interest as a result of such termination of the SSA. Notwithstanding the foregoing, in the event that Recipient pays the Termination Payment in connection with a termination of this SSA and such portion of the payment that is allocated to the Tax Benefits recapture or loss offsets all applicable recapture or loss of amounts associated with the Tax Benefits then such payment will be deemed to satisfy Recipient's obligations hereunder.

### ARTICLE XIII SYSTEM PURCHASE AND SALE OPTIONS

13.1 Grant of Purchase Option. Recipient may elect to purchase the System Assets (the "Purchase Option") at the end of the tenth (10<sup>th</sup>), and fifteenth (15<sup>th</sup>) contract year and on the expiration of the Initial Term (the "Purchase Option Date"), provided a Event of Default of Recipient shall have not occurred and be continuing (the "Purchase Option"). Recipient shall provide an irrevocable Notice to Provider not less than one-hundred and eighty (180) days prior to the Purchase Option Date to exercise its Purchase Option (a "Purchase Option Notice"). If Recipient elects a Purchase Option, the purchase price shall be the greater of the (i) then Fair Market Value of the System Assets on the Purchase Option Date, or (ii) the then applicable Termination Payment (the "Purchase Option Price"). The "Fair Market Value" of the System Assets shall be the value determined by (i) the mutual agreement of Recipient and Provider within thirty (30) Business Days of the date of the Purchase Option Notice, or (ii) absent such mutual agreement, an Independent Appraiser in accordance with the procedure set forth in this Article.

13.2 Selection of Independent Appraiser. Absent mutual agreement of the Parties within thirty (30) Business Days of the date of the Purchase Option Notice of the Fair Market Value, the Parties shall as soon as reasonably practicable formally convene a meeting to select an Independent Appraiser to determine the Fair Market Value of the System Assets. If Provider and Recipient are unable to agree upon the appointment of an Independent Appraiser within fifteen (15) Business Day of the formal meeting to select such Independent Appraiser, then the Provider shall select the Independent Appraiser from a list prepared by Recipient of four (4) nationally recognized independent appraisers with experience and expertise in the solar photovoltaic industry to value such equipment. Such appraiser shall act reasonably and in good faith to determine the Fair Market Value and shall set forth such determination in a written opinion delivered to the Parties. The valuation made by the appraiser shall be binding on the Parties in the absence of fraud or manifest error.

13.3 Transfer of System Assets. The Independent Appraiser shall, within twenty (20) Business Days of appointment, make a determination of the Fair Market Value of the System Assets and such determination shall be binding on both Parties (the "Final Determination"). Upon the Purchase Option Date, Recipient shall pay Provider the Purchase Option Price (together with all other amounts owed by Recipient under this SSA or the Lease) in the form of certified check, bank draft or wire transfer. Upon receipt by Provider of the Purchase Option Price, title to the System Assets shall transfer to Recipient "as-is, where-is" and free and clear of all liens and Recipient shall assume all liabilities arising from or related to the System Assets from and after the date of transfer of the System Assets.

13.4 Costs and Expenses of Independent Appraiser. Provider and Recipient shall each be responsible for payment of one half of the costs and expenses of the Independent Appraiser and shall also each be responsible for any of their own costs and expenses incurred in connection with the exercise of the Purchase Option.

#### ARTICLE XIV CONFIDENTIALITY

14.1 Confidentiality. Subject to Arizona's public records law, Recipient agrees not to disclose information designated by Provider as Confidential Information to any third party except for Recipient's officers, employees, or legal counsel. Notwithstanding the foregoing, Recipient may disclose Confidential Information to comply with the requirements of any Applicable Law or in connection with any judicial or regulatory proceeding or request by a governmental authority. Recipient shall determine in its sole discretion whether any document or information provided to Recipient by Provider, including information designated by Provider as Confidential Information, constitutes a public record or other matter that must be disclosed under Arizona's public records law.

#### ARTICLE XV MARKETING AND PROMOTION

15.1 Marketing and Promotion. Notwithstanding the foregoing, Provider shall have the right to promote the installation, operation, existence and usage of the system (and its and Recipient's involvement therein) through any means, including press releases, case studies,

published material, Internet websites and sales literature, subject to the provisions set forth in the Section 15 and the criteria of the Program, provided, however that any marketing materials regarding the System shall be subject to recipient's prior written consent, such consent not to be unreasonably withheld or delayed.

## ARTICLE XVI NOTICES

16.1 Notices. Any notices, requests, statements or payments ("Notices") will be made to the addresses and persons specified below. All Notices will be made in writing except where this SSA expressly provides that notice may be made orally. Notices required to be in writing may be delivered by hand delivery, overnight delivery, facsimile, or e-mail (so long as a copy of such e-mail notice is provided immediately thereafter in accordance with the requirements of this section by hand delivery, overnight delivery, or facsimile). Notice by facsimile will (where confirmation of successful transmission is received) be deemed to have been received on the day on which it was transmitted (unless transmitted after 5:00 p.m. at the place of receipt or on a day that is not a Business Day, in which case it will be deemed received on the next Business Day). Notice by hand delivery or overnight delivery will be deemed to have been received when delivered. Notice by e-mail will be deemed to have been received when such e-mail is transmitted, so long as a copy of such e-mail notice is delivered immediately thereafter by hand delivery, overnight delivery, or facsimile. When Notice is permitted to be provided orally, notice by telephone will be permitted and will be deemed to have been received at the time the call is received. A Party may change its address by providing notice of the same in accordance with the provisions of this section.

If to Recipient:

Paradise Valley Unified School District  
Attn: Ken Carter  
15002 N. 32<sup>nd</sup> St.  
Phoenix, AZ  
Phone: 602-4492071

If to Provider:

SOLON PVI LLC  
Attn: Brian Slayne  
6950 S Country Club Rd  
Tucson, AZ 85756  
Phone: (520) 807-1300  
Facsimile: (520) 807-4046

ARTICLE XVII  
ASSIGNMENT; BINDING EFFECT

17.1 Assignment; Binding Effect. Recipient shall not assign this SSA or the Lease without the prior written consent of Provider and any such attempted assignment shall be *void ab initio*. Provider shall be permitted to assign this SSA and the related Lease upon not less than five (5) Business Days prior Notice thereof to Recipient. Any permitted assignee must assume and agree to be bound by all of the obligations, liabilities and duties of the assigning Party under this SSA and the related Lease.

17.2 Cooperation with Financing. Recipient acknowledges that Provider will be financing the acquisition, installation and/or operation of the System through a lessor, lender, investors or with financing accommodations (including a sale/leaseback or third party investment or purchase) from one or more financial or banking institutions ("Financiers") and that the Provider may lease, sell or assign the System and their rights under this SSA and the Lease and/or may secure the Licensee's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the System. Notwithstanding any instructions to the contrary from Provider, Recipient will recognize Financiers, or any third party to whom Financiers has reassigned their rights to and any Financier (or its assignee) is fully entitled to receive the rights and benefits hereunder and under the Lease so long as such party performs the obligations of Provider hereunder. Recipient agrees that it shall cooperate with Provider and Financiers in connection with such financing of the System, including (a) the furnishing of such information, (b) the giving of such certificates, and (c) providing such opinions of counsel and other matters as Provider and its financing parties may reasonably request. In addition, at Provider's request, Recipient shall amend this SSA or the Lease to include any provision that may reasonably be requested by an existing or proposed Financier, and shall execute such additional documents as may reasonably be required to evidence such Financier's rights hereunder; provided, however, that such amendment is not contrary to any applicable law and shall not materially impair the rights or materially increase the burdens or obligations of Recipient under this SSA or the Lease, or extend the term of this SSA beyond the Initial Term. In addition, reference is made to Section 14 of the Lease which sets forth other provisions benefiting Financiers.

17.3 Assignment of Warranties or Supply Contracts. In the event Recipient exercises the Purchase Option pursuant to Article 13, to the extent transferable under the applicable warranty, Provider will transfer the remaining period, if any, on all warranties for the System (and any component parts thereof) to Recipient at Recipient's sole expense. In addition, Provider shall also assign any equipment, maintenance, operations or supply contracts pertaining to the System Assets or the System operation.

ARTICLE XVIII  
MISCELLANEOUS

18.1 Governing Law/Venue. This SSA and the Lease will be governed by the laws of the State of Arizona without giving effect to principles of conflicts of laws. Venue for any litigation arising from this Agreement or the Lease shall only be proper in a competent court located in Phoenix, Arizona.

18.2 Entire Agreement; Amendments. This SSA, the Lease and the Lease (including the exhibits, any written schedules, supplements or amendments thereto) constitute the entire understanding between the Parties, and shall supersede any prior oral or written agreements between the Parties, relating to the subject matter hereof. Any amendment, modification or change to this SSA will be void unless in writing and signed by both Parties.

18.3 Non-Waiver. No failure or delay by either Party in exercising any right, power, privilege, or remedy hereunder will operate as a waiver thereof. Any waiver must be in a writing signed by the Party making such waiver.

18.4 Severability. If any part, term, or provision of this SSA is determined by an arbitrator or court of competent jurisdiction to be invalid, illegal, or unenforceable, such determination shall not affect or impair the validity, legality, or enforceability of any other part, term, or provision of this SSA, and shall not render this SSA unenforceable or invalid as a whole. Rather the part of this SSA that is found invalid or unenforceable will be amended, changed, or interpreted to achieve as nearly as possible the same objectives and economic effect as the original provision, or replaced to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision, within the limits of Applicable Law or applicable court decisions, and the remainder of this SSA will remain in full force.

18.5 No Third Party Beneficiaries. Nothing in this SSA will provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy or right of any kind.

18.6 No Recourse to Affiliates. This SSA is solely and exclusively between the Parties, and any obligations created herein on the part of either Party shall be the obligations solely of such Party. No Party shall have recourse to any parent, subsidiary, partner, member, Affiliate, lender, director, officer or employee of the other Party for performance or non-performance of any obligation hereunder, unless such obligations were assumed in writing by the Person against whom recourse is sought.

18.7 Relationships of Parties. This SSA shall not be interpreted to create an association, joint venture, or partnership between the Parties nor to impose any partnership obligation or liability upon either Party.

18.8 Counterparts. This SSA may be executed in several counterparts, each of which is an original and all of which together constitute one and the same instrument. A signature on a copy of this SSA received by either Party by facsimile is binding upon the other Party as an original. Both Parties agree that a photocopy of such facsimile may also be treated by the Parties as a duplicate original.

18.9 Further Assurances. The Parties shall do such further acts, perform such further actions, execute and deliver such further or additional documents and instruments as may be reasonably required or appropriate to consummate, evidence, or confirm the agreements and understandings contained herein and to carry out the intent and purposes of this SSA.

18.10 Service Contract. It is the intention of the Parties that the provisions in this SSA and the Transactions, taken as a whole, shall meet all of the requirements set forth in Section 7701(e)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), and any related

Treasury Regulations and IRS administrative pronouncements, so that the SSA and the Transactions, taken as a whole, are deemed to be treated as a "service contract" and not as a "lease" pursuant to Code Section 7701(e). In the event that the provision of this SSA fail to comply with the requirements set forth in Code Section 7701(e)(4), then any such provision shall be of no force or effect and shall be subject to modification by Provider, in its sole discretion, to comply with Code Section 7701(e)(4); provided, however, that no such modifications shall serve to increase the Solar Services Payment Rate or any other amount payable by Recipient hereunder or under the Lease or otherwise increase in any material respect Recipient's other obligations under the Transactions.

18.11 Construction of Agreement. This Agreement and any ambiguities or uncertainties contained herein shall be equally and fairly interpreted for the benefit of and against the Parties and shall further be construed and interpreted without reference to the identity of the party or parties preparing this document, it being expressly understood and agreed that the parties hereto participated equally in the negotiation and preparation of this Agreement or have had equal opportunity to do so. Accordingly, the parties hereby waive the legal presumption that the language of the contract should be interpreted most strongly against the party who caused the uncertainty to exist. The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

18.12 Exhibits and Schedules. Any and all exhibits and schedules referenced herein and/or attached hereto are hereby incorporated into this Agreement by reference.


18.13 Termination. This agreement is subject to termination for conflict of interest pursuant to A.R.S. § 38-511.



IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

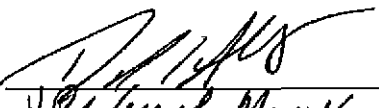
RECIPIENT

Paradise Valley Unified School District No. 69  
A political subdivision of the State of Arizona

By:   
Its: Director of Purchasing

PROVIDER

SOLON PV1, LLC  
An Arizona limited liability company

By:   
Its: VP General Manager

## EXHIBIT A

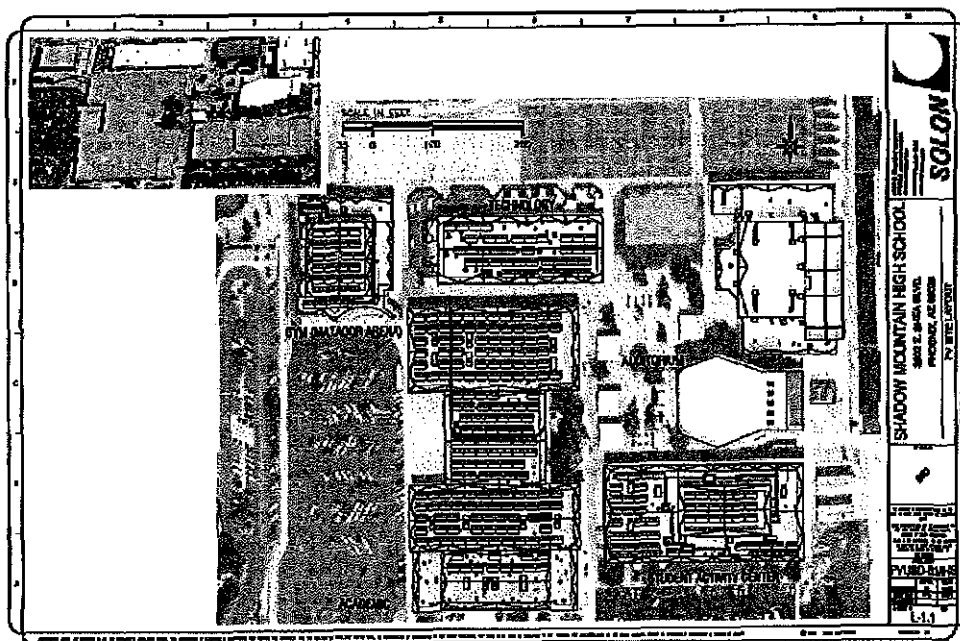
### DESCRIPTION OF PREMISES

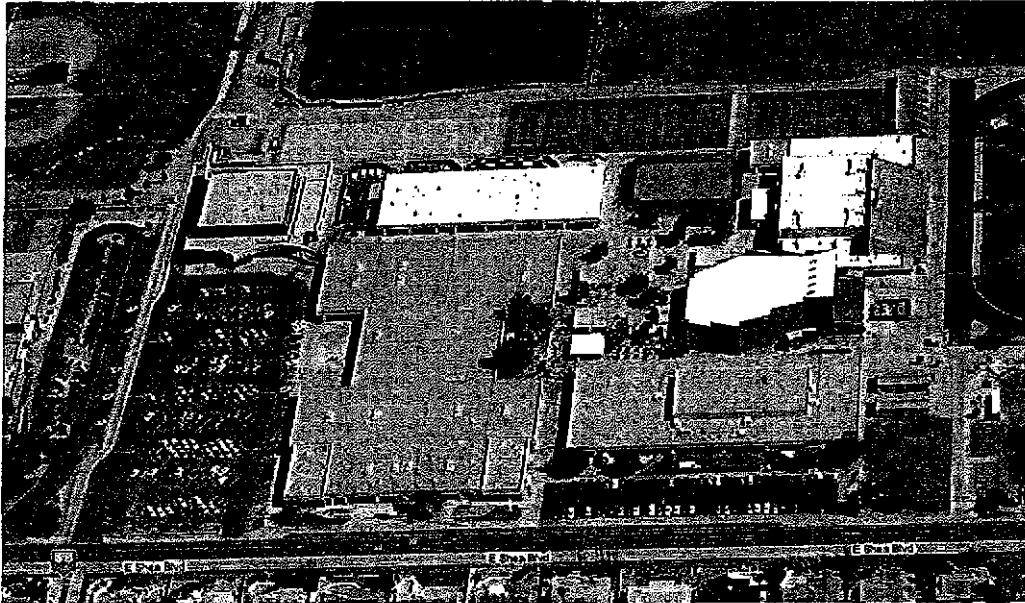
#### Shadow Mountain High School System

Shadow Mountain High School property and facilities are located at 2902 E. Shea Boulevard, Phoenix, AZ 85028. The high school is located within the City of Phoenix. Arizona Public Services currently supplies power to the school.

The proposed solar layout can be seen in the attached layout drawing L-1.1.

The PV modules will be distributed across the following four buildings, Gym (Matador Arena), Technology, Academic, and Student Activity Center. The distribution of modules across buildings will aid in the interconnection of the solar system to the power grid.





**Shadow Mountain High School**

## EXHIBIT B

### DETAILED DESCRIPTION OF THE SYSTEM

#### Shadow Mountain High School System

PV modules will be mounted on a roof-mounted ballast system tilted at 15 degrees facing due south. The specific distribution of modules, ballast systems, placement and angle will be determined dependent upon roof spacing limitations and interconnection points.

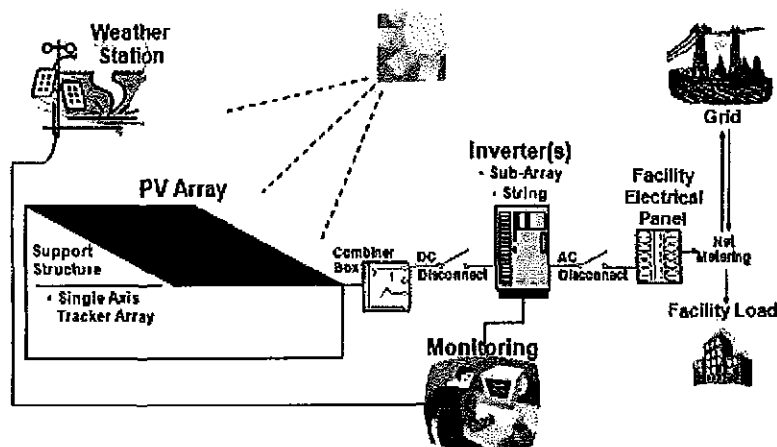
The System installed at the Premises may vary from the System described herein to the extent that during design, engineering and installation the Provider, in its sole and reasonable judgment, determines that reasonable variations are needed or desired to the System.

The System has a nameplate STC rating of 972.0 kWdc and a projected average annual capacity of approximately 826.2 kWac. The System's average annual AC capacity is based on the nameplate rating as adjusted for various factors including wiring, inverter, transformer and other system losses, and expected atmospheric conditions. The System's actual capacity will be weather dependent and highly impacted by ambient temperatures – higher temperatures resulting in lower module efficiency and hence lower system capacity.

The System is projected to generate approximately 1,675,116 kWh in its first full year of operation (See Projected System Output below for methodology).

#### System Details

The System's principal components include SOLON's standard P225 or 270 PV modules, inverters which are rugged, reliable, low maintenance, and commercial/utility-scale inverters, building specific roof-mounted ballast systems, three weather stations and three data acquisition (DAS) systems. The System may be generically represented as follows:



## Modules

Product Specifications	P225 W Modules	P270 W Modules
Capacity Rating:	225 W <sub>p</sub> ±3%	270 W <sub>p</sub> ±3%
Module Efficiency:	13.72%	13.77%
Dimensions:	1,640 x 1,000 x 42 mm	1,980 x 1,000 x 42 mm
Weight:	23.5 kg	28.5 kg
Junction Box:	1 junction box with 3 bypass diodes	1 Tyco junction box with bypass diodes
Solar Cable:	900 mm x 4 mm <sup>2</sup> , prefabricated w/ MC-3 plug	1,100 mm x 4 mm <sup>2</sup> , prefabricated w/ Tyco plug
Front Glass:	White toughened safety glass, 4 mm	Transparent toughened safety glass, 4 mm
Solar Cells:	60 polycrystalline cells Si 6.2" (156x156 mm)	72 polycrystalline cells Si 6.2" (156x156 mm)
Cell Encapsulation	EVA (Ethylene Vinyl Acetate)	EVA (Ethylene Vinyl Acetate)
Back Site:	Composite film	White composite film
Frame:	Anodized aluminum; twin wall profile and drainage holes	Anodized aluminum; twin wall profile and drainage holes
<b>Permissible Operating Conditions</b>		
Temperature Range:	-40°C to +85°C	-40°C to +85°C
Maximum System Voltage:	600 V	600 V
Max. Surface Load Capacity:	Up to 5,400 Pa according to IEC 61215 (advanced test)	Up to 5,400 Pa according to IEC 61215 (advanced test)
Resistance Against Hail:	Maximum diameter of 28 mm/impact speed of 86 km/h	Maximum diameter of 28 mm/impact speed of 86 km/h
<b>Guarantees and Certifications</b>		
Product Warranty:	10 years for materials and workmanship	10 years for materials and workmanship
Performance Guarantee:	90% of guaranteed output for 10 years; 80% for 25 years	90% of guaranteed output for 10 years; 80% for 25 years
Approvals and Certificates:	UL listed, CEC registered	UL listed, CEC registered

## Roof-Mounted Ballast System

In order to secure modules in a specific orientation a module mounting system is required. This "racking" is specific to each application, but on flat roof applications is generally a ballasted rack that sits on top of the roof without any penetrations. This mounting system allows there to be a tilt associated with the module as well as a method of insuring that the modules are fastened to a specific location and not in danger of movement due to wind or rain. In the case of Paradise Valley School district, the majority of the racking is ballasted, orienting the module at a 15 degree tilt orientated due south.

## Inverters

Inverters range from 50 to 250kW depending upon application. They are designed to be rugged, reliable, and low maintenance commercial/utility-scale inverter. Each inverter shall be housed in

an outdoor rated enclosure that contains all the necessary electronics to convert DC to AC power, including an isolation transformer. The inverters will incorporate next generation MPPT technology. All Inverters are to be configured to 480V AC 3-phase and have advanced 3<sup>rd</sup> party monitoring and control capabilities.

**Product Specifications:**

Capacity:	50kW up to 250kW
CEC-Weighted Efficiencies:	95.9 - 97%
Power Factor at Full Load:	>0.99
Cooling:	Forced air
Enclosure Rating:	NEMA 3R
Enclosure Finish:	powder-coated steel
Ambient Temperature Range:	-20°C to +50°C (Operating) – Full Power
Maximum Input Voltage Range:	310-600 VDC 480 VAC (MPPT; Full Power)
Maximum Input Current:	454A DC 480 VAC
Maximum Output Current:	422-528 VAC 480 VAC
Product Warranty:	[5] years, additional years available
Approvals and Certificates:	UL 1741, CSA 107.1-01, IEEE 1547, IEEE C62.41.2, UBC Zone 4 Seismic Rating, IEEE C37.90.1, IEEE C37.90.2 CE Certification (EN 50178, EN 61000-6-2, EN 61000-6-4)

**Weather Station and Sensors**

The System includes a weather station which allows the monitoring of PV cell temperature, ambient temperature, wind speed, wind direction, and plane of array irradiance. A solar shield protects the ambient temperature sensor from direct sunlight. This sensor is inserted into the solar shield and is secured by a friction lock to prevent it from falling out. The wind direction sensor produces a ratio metric voltage signal that is transformed into a sensor output signal. The wind speed sensor (anemometer) produces a sine wave voltage with a frequency that changes linearly depending on the wind speed. This frequency is then transformed into a sensor output signal. A pyranometer measures solar irradiation from the hemispherical field of view centered on the sensor and is mounted on the plane of array. Solar irradiation varies among regions depending on factors such as season, time, terrain elevation, obstructions, or trees. The PV cell temperature sensor measures the center back of the module.

**Data Acquisition System**

The System's DAS is provided by a leading provider of performance management systems for commercial and utility-scale solar systems. The DAS is a total solution for solar system monitoring and management, including revenue-grade metering and a web-enabled platform for real-time alarming, billing, reporting and facility management functions.

The DAS will allow the user, which may include each of the Schools, SOLON Corp. and the investor to monitor each inverter's DC input power, AC output power, errors, weather station(s) data, and meter production. This information can be displayed on the internet using an Ethernet connection. An external communications box provides both the owner and customer a direct communication connection.

### **Balance of System**

Major balance of system components includes DC fused combiner boxes, Production Metering hardware and AC Disconnects. Other components include such items as wiring, conduits, supports and connectors for field-routed conduit runs.

### **System Warranty**

SOLON Corp. will provide a 3-year system warranty commencing on the "Substantial Completion Date" (as defined in the EPC agreement) that the System will be free from defects in design, materials, construction and workmanship under normal operating conditions. The system warranty will be in addition to the manufacturer's warranties on the various component parts. The extended system warranty will exclude normal wear and tear as well as repair of damages to the system or components caused by vandalism, malicious conduct or force majeure. Under the system warranty, SOLON will resolve any defect in material or workmanship in any of the component parts not covered by original equipment manufacturer. The system warranty, together with all of the various component warranties, will be transferred to the Lessor at closing to the fullest extent possible.

### **Completion Status**

The PVUSD System is projected to be substantially complete on or about September 30, 2010

### **Projected System Output**

SOLON Corp. has derived the PVUSD System's projected Output using PV Watts 1. The PVWatts 1 calculator works by creating hour-by-hour performance simulations that provide estimated monthly and annual energy production in kilowatts and energy value. Users can select a location and choose to use default values or their own system parameters for size, electric cost, array type, tilt angle, and azimuth angle. In addition, the PVWatts calculator can provide hourly performance data for the selected location.

Using typical meteorological year weather data (TMY2) for the selected location, the PVWatts calculator determines the solar radiation incident of the PV array and the PV cell temperature for each hour of the year. The DC energy for each hour is calculated from the PV system DC rating and the incident solar radiation and then corrected for the PV cell temperature. The AC energy for each hour is calculated by multiplying the DC energy by the overall DC-to-AC derate factor and adjusting for inverter efficiency as a function of load. Hourly values of AC energy are then summed to calculate monthly and annual AC energy production. Based on the foregoing, the System's AC output for year one is projected to be as follows.

<b>Project</b>	<b>Shadow Mountain High School</b>
<b>Location</b>	Phoenix, AZ
<b>SIZE - kW DC</b>	972.0
<b>MODULE TYPE</b>	Blue 270
<b>Module Wattage</b>	270 Wdc
<b>COORDINATES</b>	33.4N, 112.0W
<b>Azimuth angle (assume south = 180°)</b>	180°
<b>SYSTEM TYPE</b>	Roof Mount 15°
<b>Output</b>	<b>PV WATTS 1 KWh Fixed</b>
<b>No shading @ Point of Interconnect</b>	1,675,116

*\* The actual Output in any year will be more or less than projected depending on actual meteorological conditions, degradation and equipment performance.*



## EXHIBIT C

### SCHEDULE OF DEFINITIONS AND RULES OF INTERPRETATION

1. Definitions. The definitions provided below and elsewhere in this SSA will apply to the defined terms used in this SSA:

"1603 Cash Grant" means Treasury grant made pursuant to Section 1603 of the American Recovery and Reinvestment Act *and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation*

"AAA Rules" has the meaning ascribed to such term in Section 15.2.

"ACC" means the Arizona Corporation Commission.

"Affiliate" means, with respect to any entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity.

"Agreement" has the meaning ascribed to such term in the first sentence of this solar services agreement.

"Applicable Law" means, with respect to any governmental authority, any constitutional provision, law, statute, rule, regulation, ordinance, treaty, order, decree, judgment, decision, certificate, holding, injunction, registration, license, franchise, permit, authorization, guideline, governmental approval, consent or requirement of such governmental authority, enforceable at law or in equity, along with the interpretation and administration thereof by any governmental authority.

"APS" means Arizona Public Service Company and shall include any successor in interest with respect to either the Program or the provision of electrical service to the Premises.

"Authorized Offline Period" has the meaning ascribed such term in Section 3.6.

"Bankrupt" means that a Party or other entity (as applicable): (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails (or admits in writing its inability) generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up, reorganization or liquidation, which proceeding or petition is not dismissed, stayed or vacated within 30 days thereafter; (v) commences a voluntary proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights; (vi) seeks or consents to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets; (vii) has a secured party take possession of all or

substantially all of its assets, or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets; (viii) causes or is subject to any event with respect to it which, under the Applicable Laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) inclusive; or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"Bankruptcy Code" means the United States Bankruptcy Code.

"Business Day" means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday.

"Claiming Party" has the meaning ascribed to such term in Section 8.3.

"Commercial Operation" means that the System is ready for regular, daily operation, has been connected to the Premises electrical system upon approval by APS, and is capable of producing Energy Output.

"Commercial Operation Date" means the date, determined by Provider and set forth in writing to Recipient, upon which (i) APS has provided its authorization to interconnect the System and operate it in parallel with the local grid and (ii) the System commences delivery of Energy to the Delivery Point.

"Confidential Information" means any non-public confidential or proprietary information (whether conveyed orally, electronically or in hard copy) of a Party or its Affiliates or any of its or their Representatives relating to this SSA, the Lease, the System revealed to the other Party or its Affiliates or any of its or their Representatives during the Term and conspicuously identified as confidential.

"Costs" means any fees, expenses and/or obligations incurred by either Party in connection with this Agreement or breach thereof by the other Party.

"CPP" means the REC Financial Incentive payments owed by APS in connection with the REC Purchase Agreement

"Degradation Factor" means a [0.75%] annual degradation factor applied commencing on the first anniversary of the Commercial Operation Date.

"Delivery Point" means the point where the System is interconnected to Recipient's electrical intertie and at and from this point exclusive control of the Energy shall shift to Recipient with risk of loss related to Energy also transferring from Provider to Recipient.

"Due Date" has the meaning ascribed to such term in Section 10.1.

"Early Termination Date" has the meaning ascribed to such term in Section 9.2.

"Electric Utility Provider" includes Arizona Public Service Company ("APS") and such other or further Public Service Corporations (as that term is defined in Arizona Const. Art. 15 Sec. 2) that may provide the Recipient with Energy from time to time except that under no circumstances

shall Electric Utility Provider be interpreted to include other providers of Energy that is generated on Recipient's premises.

"Energy" means electrical energy (three-phase, 60-cycle alternating current, expressed in kWh) generated by the System.

"Energy Deficiency Quantity" has the meaning ascribed to such term in Section 7.3(b)(v).

"Energy Output" means the amount of Energy generated by the System and delivered to Recipient at the Delivery Point, as metered in whole kilowatt-hours (kWh) at the Metering Device.

"Energy Surplus Quantity" has the meaning ascribed to such term in Section 7.3(b)(v).

"Environmental Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the System, and its displacement of conventional energy generation. Environmental Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) nitrous oxide, hydrofluoro carbons, perfluoro carbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on MWh basis and one Green Tag represents the Environmental Attributes associated with one (1) MWh of energy. Environmental Attributes do not include: (i) any energy, capacity, reliability or other power attributes from the System; (ii) Tax Benefits, including production or investment tax credits associated with the construction or operation of the energy projects; or (iii) emission reduction credits encumbered or used by the System for compliance with local, state, or federal operating and/or air quality permits.

"EPC" means that certain Engineering Procurement Contract entered into, as of the date hereof, between Provider and SOLON Corporation, an Arizona Corporation, with respect the provision of certain engineering, procurement, and construction management services related to the System.

"Event of Default" has the meaning ascribed to such term in Section 9.1

"Expected Monthly Output" means, with respect to any calendar month, the average Energy Output that the System has produced in such month in all prior years of operation, reduced by the Degradation Factor (and if the System has not been in operation for twelve (12) consecutive

months prior to such month, then Provider's reasonable estimation of what the Energy Output would have been absent the Unauthorized Shutdown or shading).

"Fair Market Value" has the meaning ascribed such term in Section 13.1.

"Financiers" has the meaning ascribed to such term Section 17.2.

"Force Majeure" means, when used in connection with the performance of a Party's obligations under this SSA, any of the following events to the extent not caused by such Party or its agents or employees: (i) war, riot, acts of a public enemy or other civil disturbance; (ii) acts of God, including but not limited to, storms, floods, lightning, earthquakes, hailstorms, ice storms, tornados, typhoons, hurricanes, landslides, volcanic eruptions, range or forest fires, and objects striking the earth from space (such as meteorites), sabotage or destruction by a third party (other than any contractor retained by or on behalf of the Party) of facilities and equipment relating to the performance by the affected Party of its obligations under this SSA; and (iii) strikes, walkouts, lockouts or similar industrial or labor actions or disputes. Force Majeure will not be based on (i) Recipient's inability economically to use Energy purchased hereunder, or (ii) Provider's ability to sell Energy at a price greater than the price of Energy under this SSA. Economic hardship of either Party shall not constitute Force Majeure.

"Governmental Charges" means all applicable federal, state and local taxes (other than taxes based on income or net worth), governmental charges, emission allowance costs, duties, tariffs, levies, licenses, fees, permits, assessments, adders or surcharges (including public purposes charges and low income bill payment assistance charges), imposed or authorized by a governmental authority, independent system operator, utility, transmission and distribution provider or other similar entity, on or with respect to the Energy or this SSA.

"Indemnity Claims" means all losses, liabilities, damages, costs, expenses and attorneys' fees, whether incurred by settlement or otherwise.

"Independent Appraiser" means an individual who is a member of a national accounting, engineering or energy consulting firm qualified by education, experience and training to determine the value of solar generating facilities of the size and age and with the operational characteristics of the System. Except as may be otherwise agreed by the Parties, the Independent Appraiser shall not be (or within three years before his appointment have been) a director, officer or an employee of, or directly or indirectly retained as consultant or adviser to, Provider or Recipient or any Affiliate of Provider or Recipient, other than in the capacity as an independent appraiser under this SSA.

"Initial Term" has the meaning ascribed to such term in Section 2.1(a).

"Interest Rate" means, for any date, the lesser of (i) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under "Money Rates" on such day (or, if not published on such day, on the most recent preceding day on which published), plus two percent (2%) and (ii) the maximum rate permitted by Applicable Law.

"kWh" means kilowatt-hour and is the unit of measurement for Energy.

"Lease" has the meaning ascribed such term in the first recital of this SSA.

"Metering Device" means any and all meters at or before the Delivery Point needed for the registration, recording, and transmission of information regarding the Energy generated by the System and delivered to the Delivery Point.

"Non-Defaulting Party" has the meaning ascribed to such term in Section 9.2.

"Notice" has the meaning ascribed to such term in Section 16.1.

"Party" or "Parties" has the meaning ascribed to such term in the first paragraph of this Agreement.

"Person" means an individual, general or limited partnership, corporation, municipal, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, limited liability company, or any other entity of whatever nature.

"Pests" has the meaning ascribed to such term in Section 8.4.

"Premises" has the meaning ascribed such term in the first recital of this SSA.

"Program" means the APS Renewable Energy Incentive Program, as approved by the ACC.

"Purchase Option" has the meaning ascribed to such term in Section 13.1.

"Purchase Option Date" has the meaning ascribed to such term in Section 13.1.

"Purchase Option Notice" has the meaning ascribed to such term in Section 13.1.

"Purchase Option Price" has the meaning ascribed to such term in Section 13.1.

"Purchase Price" has the meaning ascribed to such term in Section 13.5.

"Recipient Maintenance Removal" has the meaning ascribed to such term in Section 8.4(g)

"REC Financial Incentives" means each of the following financial rebates and incentives that is in effect as of the Effective Date or may come into effect in the future: (i) performance-based incentives under any federal state or local renewable energy program or initiative, (ii) any utility rebates or incentives, (iii) state-funded monetary assistance originating from state legislation or local other funding offered for the development of renewable energy or solar projects, and (iv) in each case, including all reporting rights with respect to any of the foregoing allowances.

"REC Purchase Agreement" has the meaning ascribed to such term in Section 2.2.

"Renewable Energy Credit" or "REC" means renewable energy credit(s) or certificates, emission reduction credits, emission allowances, green tags, tradable renewable credits, or other transferable indicia denoting carbon offset credits or indicating generation of a particular quantity of renewable energy attributed to the Energy produced by the System under any reporting program adopted by a governmental authority (including state or local governmental

authorities in Arizona), or for which a registry and a market exists or for which a market may exist at a future time.

"Representatives" has the meaning ascribed to such term in Section 14.1(a).

"Schedule of Definitions and Rules of Interpretation" has the meaning ascribed to such term in Section 1.1.

"Solar Services" means the design, construction, installation, maintenance (including repair and replacement) and operation of the System, the monetization of Tax Benefits associated with the Energy, the assistance with traditional energy demand reduction by delivery of all of the Energy produced by the System to the Delivery Point and other services associated with this SSA as Recipient may from time to time reasonably request from Provider, at no incremental cost and expense to Provider.

"Solar Services Payment Rate" has the meaning ascribed to such term in Exhibit D.

"System" means the solar, photovoltaic generating system to be installed by Provider on the Premises for purposes of providing the Solar Services to Recipient, as more particularly described in Exhibit B.

"System Assets" means the System together with all such other tangible and intangible assets, permits, improvements, property rights and contract rights used for the construction, operation and maintenance (including repair or replacement) of the System.

"System Loss" means loss, theft, damage, destruction, condemnation or taking of the System or System Assets, or any other occurrence or event that prevents or limits the System from operating in whole or in part, resulting from or arising out of any cause (including casualty, condemnation or Force Majeure) other than (i) Provider's negligence or intentional misconduct, (ii) Provider's material breach of its maintenance obligations under the SSA, or (iii) normal wear and tear of the System.

"Tax Benefits" means any loss, deduction, depreciation, and/or credit for federal, state, or local income tax purposes and any federal, state, or local state tax incentives, including, but not limited to the 1603 Cash Grant (with such amount determined using the highest combined federal, state, and local tax rate applicable to Provider) available in connection with the ownership, operation or use of the System.

"Temporary Shutdown Fees" has the meaning ascribed to such term in Section 3.6.

"Term" means the Initial Term and any extension thereof.

"Termination Payment" means the amount payable in respect of any period as set forth in Exhibit E hereto.

"Transaction" means any transaction between the Parties under the terms of the SSA or the Lease or any other agreements, instruments, or undertakings between the Parties.

"Unauthorized Shutdown" has the meaning ascribed to such term in Section 3.6.

2. Rules of Interpretation. In this SSA, unless expressly provided otherwise:

- (a) the words "herein," "hereunder" and "hereof" refer to the provisions of this SSA and a reference to a recital, Article, Section, subsection or paragraph of this SSA or any other agreement. in which it is used unless otherwise stated;
- (b) references to this SSA, or any other agreement or instrument, includes any schedule, exhibit, annex or other attachment hereto or thereto, and references to this SSA include the Basic SSA Provisions;
- (c) a reference to a paragraph also refers to the subsection in which it is contained, and a reference to a subsection refers to the Section in which it is contained;
- (d) a reference to this SSA, any other agreement or an instrument or any provision of any of them includes any amendment, variation, restatement or replacement of this SSA or such other agreement, instrument or provision, as the case may be;
- (e) a reference to a statute or other law or a provision of any of them includes all regulations, rules, subordinate legislation and other instruments issued or promulgated thereunder as in effect from time to time and all consolidations, amendments, re-enactments, extensions or replacements of such statute, law or provision;
- (f) the singular includes the plural and vice versa;
- (g) a reference to a Person includes a reference to the Person's executors and administrators (in the case of a natural person) and successors, substitutes (including Persons taking by novation) and permitted assigns;
- (h) words of any gender shall include the corresponding words of the other gender;
- (i) "including" means "including, but not limited to," and other forms of the verb "to include" are to be interpreted similarly;
- (j) references to "or" shall be deemed to be disjunctive but not necessarily exclusive, (i.e., unless the context dictates otherwise, "or" shall be interpreted to mean "and/or" rather than "either/or");
- (k) where a period of time is specified to run from or after a given day or the day of an act or event, it is to be calculated exclusive of such day; and where a period of time is specified as commencing on a given day or the day of an act or event, it is to be calculated inclusive of such day;

(l) a reference to a Business Day is a reference to a period of time commencing at 9:00 a.m. local time on a Business Day and ending at 5:00 p.m. local time on the same Business Day;

(m) if the time for performing an obligation under this SSA expires on a day that is not a Business Day, the time shall be extended until that time on the next Business Day;

(n) a reference to (i) a month is a reference to a calendar month and (ii) a year is a reference to a calendar year;

(o) where a word or phrase is specifically defined, other grammatical forms of such word or phrase have corresponding meanings;

(p) a reference to time is a reference to the time in effect in Phoenix, Arizona on the relevant date;

(q) if a payment prescribed under this SSA to be made by a Party on or by a given Business Day is made after 2:00 pm on such Business Day, it is taken to be made on the next Business Day; and

(r) if any index used in this SSA at any time becomes unavailable, whether as a result of such index no longer being published or the material alteration of the basis for calculating such index, then Provider and Recipient shall agree upon a substitute index that most closely approximates the unavailable index as in effect prior to such unavailability. If the base date of any such index is at any time reset, then the change to the index resulting therefrom shall be adjusted accordingly for purposes of this SSA.



## **EXHIBIT D**

### **Solar Services Payment Rate**

The payment to be made by Recipient to Provider shall equal the Energy Output for the relevant period multiplied by the Solar Services Payment Rate for such period. The Parties agree that such payment of the Solar Services Payment Rate comprises a negotiated rate that reflects the provision of the full Solar Services.

1. Solar Services Price: \$0.07/kWh
2. Solar Services Price Escalator: 2.0% per annum beginning 12 months (Year 2) after  
Commercial Operation Date

## **EXHIBIT E**

### **Termination Payment Schedule**

<b>Date</b>	<b>Termination Payment</b>
11-Mar-10	\$5,133,000
31-Dec-10	4,301,000
31-Dec-11	3,748,000
31-Dec-12	3,195,000
31-Dec-13	2,642,000
31-Dec-14	2,089,000
31-Dec-15	1,536,000
31-Dec-16	1,468,000
31-Dec-17	1,400,000
31-Dec-18	1,332,000
31-Dec-19	1,264,000
31-Dec-20	1,196,000
31-Dec-21	1,127,000
31-Dec-22	1,059,000
31-Dec-23	991,000
31-Dec-24	923,000
31-Dec-25	854,000
31-Dec-26	786,000
31-Dec-27	718,000
31-Dec-28	650,000
31-Dec-29	582,000
31-Dec-30	514,000

## **EXHIBIT F**

### **Provider's Insurance Requirements**

Provider shall, at all times, maintain; 1) commercial general liability insurance with coverage of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate; 2) employer's liability insurance with coverage of at least \$1,000,000; and 3) worker's compensation insurance as required by law.

All insurance policies provided hereunder shall; 1) contain a provision whereby the insurer agrees to give the party not providing the insurance 30 days (10 days in the event of non-payment of premiums) written notice before the insurance is cancelled; 2) be written on an occurrence basis; 3) with respect to liability insurance policies, include the other Party as an *additional insured as its interest may appear*; 4) include waivers of subrogation; 5) provide for primary coverage without right of contribution from any insurance of the other Party; and 6) be maintained with companies either rated no less than A- as to Policy Holder's Rating in the edition of Best's Insurance Guide or otherwise reasonably acceptable to the other party.

## **EXHIBIT G**

### **Recipient's Insurance Requirements**

Recipient shall, at all times, maintain; 1) "all risk" property insurance on the System for the full replacement cost thereof and name Provider as a loss payee; 2) commercial general liability insurance with coverage of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate; 3) employer's liability insurance with coverage of at least \$1,000,000; and 4) worker's compensation insurance as required by law.

All insurance policies provided hereunder shall; 1) contain a provision whereby the insurer agrees to give the party not providing the insurance 30 days (10 days in the event of non-payment of premiums) written notice before the insurance is cancelled; 2) be written on an occurrence basis; 3) with respect to property insurance policies, name Provider as a loss payee thereunder; 4) with respect to liability insurance policies, include the other Party as an additional insured as its interest may appear; 5) include waivers of subrogation; 6) provide for primary coverage without right of contribution from any insurance of the other Party; and 7) be maintained with companies either rated no less than A- as to Policy Holder's Rating in the edition of Best's Insurance Guide or otherwise reasonably acceptable to the other party.

**EXHIBIT H**  
**REC Purchase Agreement**



**PHOTOVOLTAIC GRID TIED ELECTRIC SYSTEM INFORMATION SHEET  
FOR THE SUBMITTAL OF A  
SCHOOLS (PUBLICALLY FUNDED K-12) RESERVATION APPLICATION**

Thank you for your support of renewable technology. APS is proud to welcome you to our APS Renewable Energy Incentive Program (the "Program"). Please fill out and submit a Reservation Application along with a proposal from your equipment dealer to ensure that we receive the required information to process your Reservation Application. If you have any questions, please call 602-328-1924.

**IT IS IMPORTANT TO NOTE THAT SUBMITTING YOUR RESERVATION APPLICATION DOES NOT GUARANTEE PROJECT FUNDING.** APS will provide you with written acceptance of your Reservation Application. Please also note that a spending cap is set each year for the Program. After the cap has been reached, customers applying for funding will be placed on a wait list. Reservation Applications are reviewed on a first come, first served basis.

**NOTE: ALL FORMS ARE AVAILABLE VIA WWW.APS.COM OR BY CALLING 602-328-1924.**

1. Complete and submit a signed Reservation Application and a quote from your installer which includes an itemized list of system components including the model number and manufacturer for the generator and, if applicable, the inverter.
2. Receive reservation confirmation. Review, sign and return agreement.  
When your reservation has been reviewed, you will receive written notification that your Reservation Application was either approved or denied. Along with your approved written notification you will also receive, as applicable, an agreement that covers the terms and conditions for the interconnection of your system to the APS distribution system, and credit purchase.
3. Complete and submit an APS Interconnection Application. (Either you or your equipment dealer can complete this step).
4. Receive preliminary approval confirming system design appears to meet APS interconnection requirements. APS will send written notification that the equipment submitted appears to be in conformance with APS' interconnection requirements.
5. Proceed with installation and obtain necessary municipal clearances. (Typically your equipment dealer will assist you in obtaining any necessary clearances).
6. Schedule APS Interconnection Inspection.  
Contact APS to request an interconnection inspection. After inspection, APS will send you an authorization letter confirming that the PV System has passed inspection and that permission has been provided for the PV System to operate in parallel to the APS distribution system. Only an authorized APS representative can provide permission for your PV System to operate in parallel to the APS distribution system. Until such permission has been granted, your PV System will not be operable (in conjunction with the APS distribution system).
7. Request Incentive Payment.  
Please submit the following so that an incentive payment can be issued:
  - Installation Certification form signed by both the dealer and the installer; and
  - Receipt confirming the PV System purchase price, payment, and installation by an Arizona licensed contractor

**Address for the submission of all program documents:**  
APS Renewable Energy Incentive Program  
PO Box 53999, MS 9649  
Phoenix, AZ 85072-3999



Renewable Energy

**PHOTOVOLTAIC GRID TIED ELECTRIC SYSTEM  
SCHOOLS (PUBLICALLY FUNDED K-12) RESERVATION APPLICATION**

**How did you hear about the APS Renewable Energy Incentive Program?**

☐ Brochure at Event ☐ Annual Use Letter ☐ Print Ad ☐ TV ☐ Website ☐ Radio ☒ Other \_\_\_\_\_

**SCHOOL NAME AND MAILING ADDRESS INFORMATION**

School Name Shadow Mountain High School

**Primary School Contact Name**

First Name Michael Last Name Green

**Secondary School Contact Name**

First Name Ken Last Name Carter

**Mailing Address**

Street Name 2902 E. Shea Boulevard

City Phoenix State AZ Zip 85028

**SCHOOL CONTACT INFORMATION**

School Phone Michael Green Cell Phone 602-722-5551

Email Address migreen@pvschools.net

**INSTALLATION SITE INFORMATION**

APS Account Number 000880283 Meter Number H98365

If there is currently no electrical service at the installation site, please leave the APS account number and meter number blank and check here ☐

**Installation Address (If same as mailing address, check here X)**

Street Name \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**ACCESS INFORMATION**

Is your electric meter located behind a fence or gate?

☒ Yes ☐ No

Do you plan to install the Utility Disconnect at the service entrance?

☒ Yes ☐ No

**SYSTEM INFORMATION** [Please contact your dealer if unsure of the information to provide in this section]

Estimated Installation Date 09/30/2010 \_\_\_\_\_ Is this a system expansion? ☐ Yes ☒ No

PV Module Manufacturer SOLON Corporation \_\_\_\_\_ Model # Blue 270 \_\_\_\_\_ UL Listing UL- 1703 #E304883 \_\_\_\_\_

Panel Rating in DC Watts (PV Module DC Watts W-STC Rating) 270

Inverter Manufacturer \_SatCon\_(or equivalent) \_\_\_\_\_ Model # PVS 100 UL Listing UL- 1741

#### EQUIPMENT DEALER INFORMATION

Dealer Name (please supply full legal name) SOLON Corporation

Contact Name Robert Wanless \_\_\_\_\_ Telephone 602-402-3638

Fax 602-807-4046 \_\_\_\_\_ E-mail rob.wanless@solon.com

Mailing Address 6950 S. Country Club Rd., Tucson, AZ 85756

Arizona Registrar of Contractors (AZROC) License Information

Number ROC 236528 \_\_\_\_\_ Class K-11 \_\_\_\_\_ Expiration 08/31/2011

#### INSTALLER INFORMATION (If same as equipment dealer, check here X)

Installer Name (please supply full legal name) \_\_\_\_\_

Contact Name \_\_\_\_\_ Telephone \_\_\_\_\_

Fax \_\_\_\_\_ Email \_\_\_\_\_

Mailing Address \_\_\_\_\_

Arizona Registrar of Contractors (AZROC) License Information

Number \_\_\_\_\_ Class \_\_\_\_\_ Expiration \_\_\_\_\_

#### SYSTEM OWNER INFORMATION

Company Name (please supply full legal name) SOLON Corporation

Contact Name Robert Wanless \_\_\_\_\_ Telephone 602-402-3638

Fax 602-807-4046 \_\_\_\_\_ E-mail rob.wanless@solon.com

Mailing Address 6950 S. Country Club Rd., Tucson, AZ 85756

#### NET BILLING AND NET METERING RATES

Please indicate your rate plan choice for compensation received from APS for the power generated by your PV System that will be delivered to the APS distribution system.

- ☐ EPR-2 (Energy sent back to the APS grid will be purchased by APS at wholesale price, often called "net billing")  
☐ EPR-6 (Energy sent back to the APS grid will appear as a kWh credit on your bill, often called "net metering", payment at wholesale price for excess credits at year end)

Rate schedules are posted @ [www.aps.com](http://www.aps.com) or call 602-328-1924

INCENTIVE REQUEST (Typically your installer or equipment dealer will help you with this section).

Total Proposed Installed System Cost: \$4,860,000 \_\_\_\_\_

(Note that incentive payment is capped at 50% of total installed system cost)

School UFI PV Application 09/29/09



Available School (Publically Funded K-12) incentive is a one-time payment of \$2.25/Watt DC-STC up to a maximum incentive of 50% of the System Cost.

$$\begin{array}{rcl} \$2.25 & \times & 972,000 \\ \text{Watts DC-STC} & & \text{Total Maximum Incentive} \\ \hline & = & \$2,187,000 \end{array}$$

The minimum PV array size shall be 1,000 watts DC-STC

Estimated Annual Production: 1,675,116 kWhs

DE-RATING INFORMATION (Typically your installer or equipment dealer will help you with this section).

The productivity of PV Systems is sensitive to the specifics of the installation method and location. Systems that are impacted by shading and PV panel tilt angle and azimuth will receive a proportionally lower incentive in accordance with the PV Off Angle and Shading Incentive Adjustment Chart ("Adjustment Chart"). The Adjustment Chart is attached hereto as Appendix A to the Agreement. An on-line calculator is also available at [www.aps.com](http://www.aps.com) or by calling 602-328-1924.

Proposed Array Azimuth Angle from Due South 180-degrees

Proposed Angle Above Horizontal (tilt angle) 15-degrees

The azimuth is the compass direction your solar system faces. Ideally, solar units should face south to collect the most solar energy throughout the year. The further east or west the system faces the lower the yearly output will be

The tilt angle is the tilt of the solar panel in relation to horizontal. For maximum yearly energy product, this tilt should be at approximately 30 degrees for fixed systems installed in Arizona. Furthermore, the flatter the solar panels are the more summer energy production, but the lower the winter production.

Is there a tree, building or overhang that is in proximity to the PV array? ☐ Yes ☒ No

If you answered yes, please indicate the estimated percentage impact this will have on system production:

☐ Less than 10 % ☐ 11% - 25% ☐ 26% - 40%

Based on the survey of your installation site and the installation plan, does your dealer or installer anticipate that the incentive will be lower based on the de-rating information supplied above?

☐ Yes ☒ No

If yes, by what percentage do you expect the incentive to be decreased based on such a de-rating?

#### ASSIGNMENT OF PAYMENT

Will payment be assigned to an installer, dealer or manufacturer of the qualifying system? ☒ Yes ☐ No

If yes, please complete and sign the information below:

I authorize APS to issue Credit Purchase funds to the following third party, on my behalf, as payment toward the cost and/or installation of my PV System. I acknowledge and agree that payment made by APS to the third party below shall satisfy APS' payment obligation to me in connection with the Agreement and that, once made, APS shall have no further obligation whatsoever to me.

Dealer/Company Name (assignee) SOLON Corporation

Address 6950 S. Country Club Rd., Tucson, AZ 85756

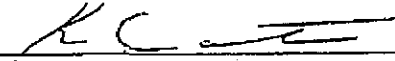
Customer Signature [Signature] Date 3/5/10

Attach a quote from your installer that includes an itemized list of system components including model and manufacturer of both the PV module(s) and the inverter(s).

NOTE THAT ANY MATERIAL CHANGES TO THE INFORMATION PROVIDED IN THE RESERVATION APPLICATION MUST BE PROVIDED TO APS THROUGH AN AMENDED APPLICATION AND CREDIT PURCHASE AGREEMENT. FAILURE TO SUBMIT AN AMENDED APPLICATION AND AGREEMENT AS REQUIRED MAY JEOPARDIZE CUSTOMER'S ELIGIBILITY TO RECEIVE THE INCENTIVE PAYMENT FROM APS.

CUSTOMER

Ken Carter /  
Name (Please Print)

  
Signature

03/05/2010  
Date

**TERMS AND CONDITIONS FOR THE RECEIPT OF CREDIT PURCHASE AGREEMENT  
(the "Agreement")**

**APS Renewable Energy Incentive Program Reservation # 7800 for Renewable Energy  
System permanently located at: 2902 E. Shea Blvd., Phoenix, AZ,            (the "Property").**

We thank you for your interest in participating in APS' Renewable Energy Incentive Program (the "Program"). In order to receive a Credit Purchase Payment from APS (as defined below), you must comply with all the terms and conditions of the Program. This Agreement contains the applicable terms and conditions, which you should carefully review before signing. We also recommend that you read the Program Handbook that is posted to [aps.com](http://aps.com) or can be obtained by calling 602-328-1924. If you have questions, please contact the APS Renewable Energy Incentive Team at 602-328-1924 or email: [DG\\_Interconnect@aps.com](mailto:DG_Interconnect@aps.com). Your signature below, and the interconnected operation of your renewable energy system (the "RE System") with our electric distribution system, reflect your agreement to these terms and conditions.

This Agreement defines our respective rights and responsibilities under the Program. It also defines the eligibility requirements you must satisfy in order to qualify for a Credit Purchase Payment. This is not a contract for the sale of goods or services, and does not establish any consumer rights for the purchase of goods or services. We offer no warranties, guarantees or assurances with respect to the RE System you select, its installation and/or the results you will obtain.

ANY AND ALL WARRANTIES ARE EXPRESSLY DISCLAIMED, INCLUDING, WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. ANY RESPONSIBILITIES WE MAY HAVE TO YOU AS A CUSTOMER AND PROGRAM PARTICIPANT ARE AS IS DEFINED IN OUR TARIFFS AND SCHEDULES APPROVED BY THE ARIZONA CORPORATION COMMISSION (THE "ACC"). IN NO EVENT WILL WE BE LIABLE TO YOU OR ANY THIRD PARTY FOR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES IN CONNECTION WITH THE RE SYSTEM, YOUR PARTICIPATION IN OUR PROGRAM AND/OR THE INSTALLATION, MAINTENANCE OR USE OF YOUR RE SYSTEM.

**1. RECITALS**

You are the "Customer", as that term is used in this Agreement. As the Customer, you are either the APS retail customer of record for the Property or, if not an APS retail customer, the owner of the Property where the RE System will be installed. If you are an APS retail customer, APS supplies your electrical power requirements.

You plan to install the RE System on the Property, which is in the APS service territory, for the purpose of generating your own electrical power.

You will have title and interest in all environmental credits associated with the electrical power produced from the RE System. Pursuant to this Agreement, you will transfer to APS title to and interest in any environmental credits associated with the electrical power produced from your RE system. APS will pay you for such credits (such payment defined as the "Credit Purchase Payment") in accordance with the terms and conditions provided herein.

The effective date of this Agreement shall be the date that you sign it (the "Effective Date"), which you must complete where indicated on page        prior to submitting this Agreement to APS.

**2. GENERAL BACKGROUND**

APS has approved your Reservation Application (the "Application") and has reserved funds in accordance with your RE System equipment specifications, sizing, installation specification, and other related information contained in your Application. A copy of your approved Application will be attached to this Agreement as Exhibit A upon execution and submission of this Agreement to APS. If there is a material change to any of the information contained in the approved Application, you are required to inform APS by submitting supplementary or amending documentation which will be subject to review and approval by APS. If the material change results in a request to increase the amount of Credit Purchase Payment, any approval by APS will be subject to funding availability.

Our acceptance of your Application does not entitle you to receive the Credit Purchase Payment from APS. In order to receive the Credit Purchase Payment you must comply with all terms and conditions of this Agreement.

Within 180 days from the date of our approval of your Application, you are required to purchase and install an RE System that meets the requirements set forth in the equipment requirements and installer qualifications posted on [aps.com](http://aps.com) or School UFI PV Application 09/29/09

available by calling 602-328-1924. In addition, you must execute this Agreement at any time following our approval of your Application, but in no event later than 180 days following the installation of your RE System.

### **3. LICENSED CONTRACTORS**

For our mutual protection, APS requires that the RE System be installed by a contractor holding an appropriate and active license issued by the Arizona Registrar of Contractors. The license requirements can be found in the equipment requirements and installer guidelines document posted to [aps.com](http://aps.com) and are also available by calling 602-328-1924.

As with any significant purchase, we encourage you to shop around when considering a RE System. You should carefully check references and otherwise perform due diligence with respect to any manufacturer, vendor and/or installer that you are considering. We do not endorse or recommend any manufacturers, vendors or installers, nor are we in any way responsible for the selection you make and the goods and services that manufacturers, vendors and/or installers provide to you. In addition, you may want to consult with your professional advisors regarding tax, liability insurance, or other issues related to your obligations under this Agreement.

### **4. RE SYSTEM EQUIPMENT REQUIREMENTS**

The equipment requirements for your RE System are documented in the equipment requirements and installer guidelines document posted to [aps.com](http://aps.com) and are also available by calling 602-328-1924.

As the beneficiary of your RE System, you are solely responsible for all payments associated with its purchase, installation and operation, including the costs associated with the interconnection to the APS distribution system. In the event of a failure of your RE System, it will be your responsibility to address any deficiencies or problems with your manufacturer, vendor or installer, or to otherwise ensure the return of your RE System to full operating condition.

### **5. PRELIMINARY INTERCONNECTION REQUIREMENTS CONFORMANCE REVIEW**

If your RE System will be connected to the APS distribution system (i.e., grid-tied photovoltaic or grid-tied wind systems) then, prior to the actual installation of your RE System, we require that you or your installer or dealer submit to APS the appropriate Equipment Information Form and system diagram(s) and/or cut sheets (the "Interconnection Application packet"). This review and preliminary approval process affords us the opportunity to preliminarily confirm your compliance with our interconnection requirements and therefore your eligibility for participation in the Program. Our sign-off does not represent our approval of your selection of the RE System, your vendor or installer, the responsibility for which necessarily remains with you. Our preliminary approval also does not provide that authorization for your RE System to be paralleled with APS. Final determination of your compliance with the minimum interconnection requirements is made after completing the field inspection outlined in Section 5. The Interconnection Requirements Manual, Equipment Information Form, and sample design drawings can be found on our website at [www.aps.com](http://www.aps.com) or can be obtained by calling us at 602-328-1924.

### **6. INSPECTION**

We retain the right to inspect your RE System and the location where it is installed at any time to ensure that you are complying with the RE System equipment requirements. We will schedule these inspections with you in advance, unless we have reason to believe that an emergency exists, in which case we may enter your Property to address the emergency consistent with the rules of the ACC and our ACC-approved tariffs and schedules. Our right of inspection, however, does not in any way relieve you of your responsibility for the operation of your RE System or any liability pursuant to Section \_\_\_\_ of this Agreement.

### **7. INSTALLATION CERTIFICATION**

We require the dealer and the installer to execute an Installation Certification Form certifying that the RE System meets the requirements specified in this Agreement. The Installation Certification and Acceptance of Installation Form can be obtained from our website at [www.aps.com](http://www.aps.com). We also require a final invoice for your RE System to be submitted that substantiates that your vendor considers that the RE System has been paid in full. Our obligation to release incentive funds to you is specifically conditioned upon the RE System meeting all Program requirements, including our receipt of the Installation Certification and Acceptance of Installation forms.

### **8. APS INTERCONNECTION REQUIREMENTS**

If the interconnection requirements of Paragraph 5 apply to your RE System, then it is very important that you be familiar with our requirements for interconnected operation of your RE System and our distribution grid ("APS Interconnection Requirements"). It is your responsibility to know and comply with all of APS Interconnection Requirements and related contractual obligations pursuant to your executed APS Interconnection Agreement. All forms and sample agreements are posted on our website at [www.aps.com](http://www.aps.com) or can be obtained by calling us at 602-328-1924.

We retain the right to inspect your RE System and the location where it is installed at any time to ensure that you are complying with these requirements, and so your cooperation with these inspections will be an additional requirement. We will schedule these inspections with you in advance, unless we have reason to believe that an emergency exists, in which case we may enter your premises to address the emergency consistent with the rules of the Arizona Corporation Commission (the "ACC") and our ACC-approved tariffs and schedules. Our right of inspection, however, does not in any way relieve you of your responsibility for the operation of your RE System and any damages it may cause.

Following our written approval of your proposed RE System and associated facilities, you may not remove, alter or otherwise modify or change your RE System, including, without limitation, the plans, control and protective devices or settings, and in general its specifications, configuration or any facilities related to it. If you do want to make any changes or modifications, we require that you first resubmit plans describing the proposed changes or modifications for our prior review and sign-off. Again, no such change or modification may be made without our prior written concurrence.

**THESE REQUIREMENTS ARE FUNDAMENTALLY IMPORTANT. FAILURE TO OBSERVE THESE MAY EITHER RESULT IN DELAYS IN APPROVAL OF YOUR INTERCONNECTION OR DISCONNECTION OF YOUR RE SYSTEM FROM THE APS DISTRIBUTION SYSTEM.**

#### **9. PARTIAL REQUIREMENTS SERVICE AND ELECTRIC SERVICE CONDITIONS**

If you choose a partial requirements rate for the purpose of receiving compensation from APS for the excess generation produced by your grid-tied RE System (as described in Paragraphs 5 and 8) for delivery into the APS distribution system, this compensation will be governed by our standard ACC-approved tariffs, terms and conditions. All of our rate schedules are posted at [www.aps.com](http://www.aps.com) or are available to you upon request by calling 602-328-1924. You may change to a different rate schedule than the one selected at the time of commissioning by contacting APS via phone, mail or email; however, you must remain on the partial requirements rate you select for at least one year. No further agreement or amendment will be required.

Your relationship with us under this Program will continue to be governed by the terms and conditions of our ACC-approved Schedules dealing with service to our customers. This includes provisions for unobstructed access to your premises in order to conduct meter reads or to inspect your utility disconnect switch or other inspections related to your services. You can access these schedules at [www.aps.com](http://www.aps.com) or these can be obtained by calling us at 602-328-1924.

The electric service provided under this Agreement will be in the form of single phase, split or three phase alternating current at 60 hertz and 120/240 volts.

#### **10. TRANSFER OF ENVIRONMENTAL CREDITS**

There is an environmental credit associated with each kilowatt-hour (kWh) of electricity produced by your RE System, which represents the environmental benefits, emissions, reductions, offsets and allowances attributable to the generation of energy from your RE System. Title to and ownership of any and all environmental credits associated with your RE System will be assigned to us when we make payment of the Credit Purchase Payment to you. Thereafter, we will have exclusive title to and ownership of all such environmental credits. The calculation, use and retirement of any and all environmental credits will be in our sole and exclusive discretion. Your acceptance of the Credit Purchase Payment operates as your waiver and relinquishment of any right, title, claim or interest in the environmental credits and entitles APS to any and all environmental credits associated with your RE System from the Effective Date of this Agreement through the date that is twenty (20) years following the Commissioning Deadline (as defined below).

#### **11. CREDIT PURCHASE PAYMENT**

We will pay you the Credit Purchase Payment as a one-time payment in exchange for the transfer of environmental credits to APS as described in Paragraph 10 above. The amount of the Credit Purchase Payment can be viewed at [aps.com/renewables](http://aps.com/renewables) or can be requested by calling 602-328-1924.

Credit Purchase Payments made to manufacturers, dealers and installers cannot exceed fifty percent (50%) of the RE System cost basis. Dealers or installers cannot include the cost of installation in their RE System cost basis. Subject to APS audit, dealers must be able to substantiate what they paid for each system component sold to you. If you are an RE System manufacturer or component manufacturer seeking to participate in this Program as an APS customer (i.e., using your own manufactured components in a system on your Property that will be interconnected with our grid), you will be required to deduct from your System's cost the fair market value of your own products that are included in the installation.

The Credit Purchase Payment represents APS' sole incentive obligation to you under the Program as outlined in this Agreement. When your RE System is fully installed, operational and properly interconnected pursuant to your Interconnection Agreement with APS, you must submit to us a completed Installation Certification form, which can be found at [aps.com/renewables](http://aps.com/renewables). The date on which you submit such form to APS shall be deemed the Commissioning Date for your RE System. Upon APS's receipt of your Installation Certification form and confirmation that you have met all Program requirements, we will issue your Credit Purchase Payment. You may request that our Credit Purchase Payment to you be made directly to your manufacturer, dealer or installer. Your request to receive the Credit Purchase Payment or your request that the Credit Purchase Payment be made to your manufacturer, dealer or installer constitutes your acknowledgement and confirmation that installation of the RE System has been satisfactorily completed at your Property and that the information provided to us on your Reservation Application, or if applicable, your Amended Reservation Application accurately describes the RE System as it was installed at your Property.

The following additional terms and conditions apply to the Credit Purchase Payment:

- The Credit Purchase Payment will not be paid out to you in the event, and for the duration, that your APS account for electrical service is delinquent.
- The Credit Purchase Payment may be subject to full or partial refund, in accordance with Section \_\_\_\_\_ of this Agreement.
- You are solely responsible for the payment of any and all taxes applicable to the RE System and/or the Credit Purchase Payment.
- Following our issuance of the Credit Purchase Payment you may not remove, alter or otherwise modify or change your RE System, including, without limitation, the plans, control and protective devices or settings, and in general its specifications, configuration or any facilities related to it. If you do want to make any changes or modifications, we require that you first resubmit plans describing the proposed changes or modifications for our prior review and approval. No such change or modification may be made without our prior written approval.

## 12. OPERATING RESPONSIBILITY; SALE OF PROPERTY; AND CUSTOMER'S REFUND OBLIGATION

Your participation in the Program requires you to operate your RE System continuously for a period of twenty (20) years following the Commissioning Date. If you fail to do so, then you will be considered to be out of compliance with the Program requirements and we will be entitled to take certain actions as described in this Section.

You are required to notify us prior to removing your RE System and must notify us within five (5) business days if you become aware that the RE System is no longer operational (the "Non Commissioning Date").

Liquidated damages apply if you fail to maintain and operate your RE System continuously for a period of twenty (20) years following the Commissioning Date. In such event, APS shall be entitled to an undiscounted pro-rated refund (based on 240 months) of the Credit Purchase Payment Based on the Non Commissioning Date. Payment shall be due by you no later than five (5) business days following your receipt of such refund request by APS.

We may, in our sole discretion, waive the foregoing reimbursement obligation or any other instance of your noncompliance if we determine that the RE System is not operational due to equipment malfunction or other disrepair that is not attributable to you and you are actively and reasonably making diligent, good faith efforts to repair the RE System and return it to operation.

When we receive your reimbursement payment this Agreement will be deemed terminated and neither APS nor you will have any further obligation to each other, but resolution of our respective obligations and rights will continue to be determined by this Agreement until our relationship with one another is finally and completely resolved. If you decide you want to reconnect your RE System to the APS distribution system after this Agreement is terminated, you must complete an interconnection application, sign a new Interconnection Agreement, agree to submit your system to a field inspection, and receive permission to operate from APS prior to re-commissioning your RE System.

There are certain important conditions to keep in mind if you sell the Property where the RE System is located.

- You are required to notify us in writing promptly in the event that you intend to sell your Property.
- If you sell your Property during the term of this Agreement, you are required to have your buyer execute an agreement whereby such buyer will assume your obligations under this Agreement. Such agreement will be provided to you upon request. In the event that your buyer does not timely execute such agreement, you will remain liable for all requirements and obligations under this Agreement notwithstanding the sale of your Property and RE System. In such event, any failure by you or your buyer to operate and maintain the RE system pursuant to the terms of this Agreement will entitle APS to all available remedies, including those set forth in Paragraph \_\_\_\_\_ herein.

### 13. METER READING

APS shall provide and set an electronic, utility-grade electrical meter ("Inverter-Output Meter") on the RE System that is compatible with the APS meter reading and billing systems

You shall provide, at your expense, a dedicated phone line to each generator meter and also to the facility service entrance section main billing meter and/or sub meters if necessary, as determined by APS. Each dedicated phone line is to be landed on the APS-provided telephone interface module, which is typically, located within two (2) feet of the meter.

You shall be responsible, at your expense, for installing the meter socket and all associated equipment. The location of Inverter-Output meter shall be approved by APS and shall be located so that APS has unassisted access to the meter in accordance with APS requirements including, but not limited to, Section 300 of the APS ESRM ("Electric Service Requirements Manual") and Service Schedule 1 ("Terms and Conditions for Standard Offer and Direct Access Services")

### 14. CUSTOMER INFORMATION

By participating in this Program, you are agreeing that we may use data related to your participation for statistical purposes or other studies. Such data will generally include technical system and production information, but will not include any personal Customer information.

### 15. COMPLIANCE OBLIGATIONS

You are responsible for compliance with any laws, regulations, ordinances or codes that may apply to operation of your RE System and your participation in the Program, as well as site restrictions, whether they are federal, state or local, including, but not limited to, homeowners' association covenants or other local neighborhood requirements.

### 16. CUSTOMER'S INDEMNITY

By participating in the Program, you agree to indemnify, defend and hold us harmless from and against any claims, liability, damages, judgments, fines, penalties, costs, expenses and fees (including reasonable attorneys fees) made against us by third parties with respect to personal injuries (including loss of life) or property damage or loss resulting in whole or in part from the operation, use or failure of your RE System, except to the extent such result is from our sole negligence.

### 17. GOVERNING LAW

These terms and conditions are governed by and interpreted in accordance with the laws of the State of Arizona without giving effect to its principles of conflicts of laws

### 18. SEVERABILITY

If any provision of this Agreement is found to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of these terms and conditions shall not in any way be affected or impaired thereby.

### 19. EFFECT OF THIS AGREEMENT

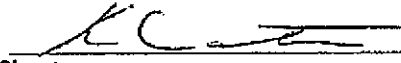
We both agree that this Agreement represents a binding agreement between us pertaining to the subject matter hereof. This Agreement may not be modified or amended in any way except in writing signed by both of us. These terms and conditions do not modify, change or impact any other agreement between us such as that relating to the interconnection of your RE System.

## 20. REGULATORY CHANGES

APS reserves the right to unilaterally file an application with the ACC for a change in our Program or interconnection requirements.

### CUSTOMER

Ken Carter \_\_\_\_\_  
Name (Please Print)

 \_\_\_\_\_  
Signature

03/05/2010 \_\_\_\_\_  
Date

This confirmation information will be completed by APS:

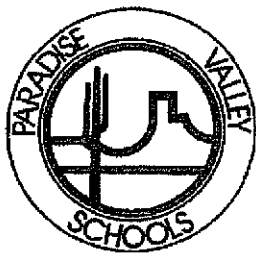
Reservation # \_\_\_\_\_

Reserved Incentive Amount \_\_\_\_\_



**Exhibit A**  
**Reservation Application**  
**(to be attached upon submission of this Agreement)**

## **EXHIBIT B**



## Paradise Valley Unified School District No. 69

*Where Individual Excellence Is Our Goal*

Administrative Center  
Purchasing Department  
15002 North 32<sup>nd</sup> Street  
Phoenix, Arizona 85032  
602/449-2070 FAX 602/449-2081

May 11, 2010

Chairman Mayes  
Commissioners Pierce, Stump, Kennedy and Newman  
Arizona Corporation Commission  
1200 W. Washington St., 2<sup>nd</sup> floor  
Phoenix, Arizona 85007

Dear Chairman Mayes and Commissioners:

I am writing you this letter to express that the Paradise Valley Unified School District ("PVUSD") supports SOLON Corporation's Application for Special Contract approval seeking approval of Special Contract Rates to facilitate the installation of solar panels on the North Canyon, Pinnacle, and Shadow Mountain High Schools. PVUSD is excited about the opportunity to implement solar at no up-front cost through the Solar Services Agreement that we have executed with SOLON. We want you to know that SOLON was selected for this job after going through a competitive bidding Request for Proposal (RFP) process, and their proposal was selected because it provided the school with the best opportunity to save money and get reliable and quality service. PVUSD believes there are a number of benefits that it will derive from these SSAs including, cost savings, education opportunities for students, reduction in greenhouse gas emissions and reduced water usage in the production of energy for the schools.

PVUSD has analyzed the SSA rate and has determined that it will save significant funds over the life of the agreement. In fact, PVUSD is actually making plans to exercise our option to purchase the system at the end of the 10<sup>th</sup> year of the SSA which we think will allow us to save even greater funds over time.

We appreciate your consideration of these SSAs and respectfully request that you approve SOLON's request as quickly as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Carter".

Ken Carter  
Director of Purchasing  
Paradise Valley Unified School District

**EXHIBIT C-1**

## ***Solar Facility Lease North Canyon High School***

This Solar Facility Lease ("Lease"), dated as of Mar 10, 2010, is by and between SOLON PV1, LLC, an Arizona limited liability company ("Lessee"), and Paradise Valley Unified School District No. 69, a political subdivision of the State of Arizona ("Lessor") (each a "Party" and collectively, the ("Parties"). Capitalized terms used herein but not defined herein (including in the recitals hereto) shall have the respective meanings ascribed thereto in the SSA.

### **WITNESSETH**

WHEREAS, concurrently herewith, Lessee and Lessor are entering into that certain Solar Services Agreement, dated as of the date hereof (the "SSA"), pursuant to which Lessee has agreed to provide for the engineering, construction, installation, maintenance and operation of the System and provide Lessor with the Solar Services;

WHEREAS, in order to construct and install the System and provide the Solar Services, Lessee and its agents and contractors require access to certain property owned or leased by Lessor as identified in Exhibit A (the "Facility");

WHEREAS, in connection with the foregoing, Lessee desires to lease a portion of the Facility from Lessor in order to install and operate the System in furtherance of Lessee's obligations under the SSA and Lessor is willing to grant such lease to Lessee; and

WHEREAS, the Recipient has statutory authority to enter into this agreement pursuant to A.R.S. § 15-213.01; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, Lessee and Lessor hereby agree as follows:

1. **Leased Premises and Related Rights.** Lessor hereby leases to Lessee, in accordance with the terms and conditions hereinafter set forth, the real property listed in Exhibit B where the System will be installed (the "Premises"). Lessor hereby also grants to Lessee, for a period co-terminus with the Lease, a right-of-way to access the Premises across or through the Facility, including any structures or fixtures appurtenant to the Facility, passage through which is necessary or convenient to install or gain access to the System or the Premises.

2. **Rents.** Lessee shall pay Lessor one U.S. dollar (\$1.00) on the Commercial Operation Date (or such other date mutually agreeable to the parties) as and for rent of the Premises for the full term of this Lease.

3. **System Construction, Installation and Operation.**

(a) Lessor hereby consents to the construction of the System by Lessee on the Premises, including, without limitation, solar panels, mounting substrates or supports, wiring and connections, power inverters, service equipment, metering equipment and utility interconnections. Lessor acknowledges that the portion of the System on the roofs of the building(s) may weigh in the aggregate more than 20 pounds per square foot, consents to such specifications and warrants that the physical integrity of all structures, buildings and fixtures upon which the System will be constructed is sufficient to bear the weight of the System and

allow for safe installation of the same. Lessee may request written acknowledgement from Lessor pertaining to the final structural analysis related to the System.

(b) Lessee shall also have the right from time to time during the term hereof:

(i) to install and operate the System on the Premises;

(ii) to maintain, clean, repair, replace and dispose of part or all of the System;

(iii) to add or remove the System or any part thereof;

(iv) to access the Premises with guests for promotional purposes during normal open hours and at other times as are acceptable to the Lessor in its reasonable business judgment; and

(v) to perform (or cause to be performed) all tasks necessary or appropriate, as reasonably determined by Lessee, to carry out and provide the Solar Services.

(c) Lessor acknowledges that the installation of all or a portion of the System will require installation to the ground and may require physically mounting and adhering the System to the buildings, structures and fixtures appurtenant to the Premises and consents to such mounting or adhering, as applicable.

4. **Access to Premises.** Lessor shall provide Lessee with access, at all times, to the Premises to allow Lessee to perform the Solar Services as contemplated in the SSA and as required under the interconnection agreement with APS, including ingress and egress rights to the Premises for Lessee and its employees, contractors and sub-contractors and access to solar panels and conduits to interconnect the System with the Facility's electrical systems. Lessor shall use commercially reasonable efforts to provide sufficient space for the temporary storage and staging of tools, materials and equipment and for the parking of construction crew vehicles and temporary construction trailers and facilities reasonably necessary during the furnishing, installation, testing, commissioning, deconstruction, disassembly, decommissioning and removal of the System and access for rigging and material handling. Lessor shall provide Lessee a reasonable area for construction laydown. Lessor and its authorized representatives shall at all times have access to and the right to observe the construction of the System and other Solar Services, subject to compliance with Lessee's safety rules, but shall not interfere with Solar Services or handle any Lessee equipment or the System without written authorization from Lessee. In addition, Lessor shall grant Lessee access, at all times, to the Premises as reasonably necessary to allow Lessee to perform the Solar Services, including ingress and egress rights to the Premises for Lessee and its employees, contractors and subcontractors and APS personnel. Lessor shall provide necessary space for storing parts and supplies. Lessee shall use commercially reasonable efforts to perform the Solar Services in a manner that minimizes inconvenience to and interference with Lessor.

5. **System and Output Ownership.** Lessor acknowledges and agrees that Lessee or one of its affiliates is the exclusive owner and operator of the System, that all equipment comprising the System shall remain the personal property of Lessee and shall not become fixtures, notwithstanding the manner in which the System is or may be attached to any real

property of Lessor and Lessor shall have no right, title or interest in the System or any component thereof, notwithstanding that any such System may be physically mounted or adhered to the Premises or structures, buildings and fixtures on the Premises.

6. Representations and Warranties, Covenants of Lessor.

(a) Authorization. Lessor represents and warrants that Lessor (i) has been duly authorized to enter into this Lease by all necessary action (ii) does not and will not require any further consent or approval of any other person, authority or entity to consummate the obligations contemplated by this Lease, and (iii) will not be in default under any material agreement to which it is a party (including any lease in respect of the Premises as to which Lessor is the tenant). This Lease constitutes a legal and valid obligation of Lessor, enforceable against Lessor in accordance with its terms, except as may be limited by bankruptcy, reorganization, insolvency, bank moratorium or laws relating to or affecting creditors' rights generally and general principles of equity whether such enforceability is considered in a proceeding in equity or at law.

(b) Lessor's Title to Premises. Lessor represents, warrants and covenants that Lessor has lawful title to (or a valid leasehold interest in) the Facility and the Premises and that Lessee shall have quiet and peaceful possession of the Premises free from any claim of any entity or person of superior title thereto without hindrance to or interference with or molestation of Lessee's quiet enjoyment thereof, throughout the term of this Lease. To the extent Lessor's interest in all or any of the Facility is a leasehold interest, Lessor have caused each landlord (each, a "Lessor's Landlord") of each such portion of the Premises to execute and deliver an amendment to the Lessor's lease agreement or such other documentation as is reasonably acceptable to Lessee pursuant to which such Lessor's Landlord shall acknowledge and agree that Lessee's rights in the Premises granted hereunder shall run with such Premises throughout the term of this Lease (or until otherwise terminated pursuant to Section 8), notwithstanding any sale, lease, transfer, assignment, mortgage, pledge or other alienation or encumbrance by such Lessor's Landlord of the Premises. To the extent the Lessor is the fee simple owner of the Premises, Lessor shall not sell, lease, assign, mortgage, pledge or otherwise alienate or encumber the Premises unless Lessor shall have given Lessee at least 15 days' prior written notice thereof, which notice shall identify the transferee, the Premises to be so transferred and the proposed date of transfer. Lessor agrees that this Lease and the right of way granted in Section 1 of this Lease shall run with the Premises and survive any transfer of any of the Premises. Lessor agrees and acknowledges that it has no interest in the System and shall not gain any interest in the System by virtue of this Lease.

(c) No Interference With and Protection of System. Lessor will not conduct activities on, in or about the Facility or the Premises that have a reasonable likelihood of causing damage, impairment or otherwise adversely affecting the System. Lessor shall take all reasonable steps to limit access to the Premises to Lessor and Lessor's employees, invitees, agents and representatives. Lessor shall implement and maintain reasonable and appropriate security measures on the Premises to prevent Lessor's employees, invitees, agents and representatives, and other unrelated third-parties, from having access to the Premises or the System, and to prevent from occurring any theft, vandalism or other actions that have a reasonable likelihood of causing damage, impairment or otherwise adversely affecting the System. Lessor covenants that it will obtain a non-disturbance agreement ("NDA") from any third party, purchaser, lessee, assignee, mortgagee, pledge or other party who now has or may in the future obtain an interest in the Premises or to whom a lien has been granted, including, without limitation, any Financiers to Lessor, Lessor's Landlord or the owner of the Premises,

which NDA shall (a) acknowledge and consent to the Provider's rights contained in this Lease, (b) acknowledge that the third party has no interest or lien in the System and shall not gain any interest in the System by virtue of the Parties' performance or breach of this Lease and (c) subordinates any lien the third party may have related to the Facility to those rights and privileges granted to Lessee pursuant to this Lease with respect to the Facility and Premises.

(d) Maintenance of Facility. Lessor shall keep areas of the Facility and Premises that are under its control neat, clean and in good order and condition. Lessor shall give Lessee prompt notice of any damage to or defective condition in any part or appurtenance of the Facility and Premises (including mechanical, electrical, plumbing, heating, ventilating, air conditioning and other equipment facilities and systems located within or serving the Premises). Lessor shall give Lessee prompt notice of any damage to or defective condition in the System that it becomes aware of. Lessor shall exercise reasonable care to keep and make the Premises safe and to warn those lawfully on the Premises of existing dangers.

(e) Utilities. Lessor shall provide Lessee with Station Power during the term of this Lease. For purposes of this Lease "Station Power" shall mean electric energy consumed in the start-up and operation of the System, which is distinct from the alternating current output of the System. Lessor shall also provide Lessee access to a telephone line and/or an internet connection.

(f) Insolation. Lessor acknowledges and agrees that access to sunlight ("insolation") is essential to the value to Lessee of the leasehold interest granted hereunder and is a material inducement to Lessee in entering into this Lease. Accordingly, Lessor shall not permit any interference with insolation on and at the Premises, including interference related to Pests. Without limiting the foregoing, Lessor shall not construct or permit to be constructed any structure on the Premises that could adversely affect insolation levels, permit the growth of foliage that could adversely affect insolation levels, or emit or permit the emission of suspended particulate matter, smoke, fog or steam or other air-borne impediments to insolation. If Lessor becomes aware of any potential development or other activity on adjacent or nearby properties that could diminish the insolation to the Premises, Lessor shall advise Lessee of such information and reasonably cooperate with Lessee in measures to preserve existing levels of insolation at the Premises. Notwithstanding any other provision of this Lease, the Parties agree that (i) Lessee would be irreparably harmed by a breach of the provisions of this Section 6(f), (ii) an award of damages would be inadequate to remedy such a breach, and (iii) Lessee shall be entitled to equitable relief, including specific performance, to compel compliance with the provisions of this Section 6(f).

(g) Hazardous Materials. To the best of Lessor's knowledge, there are no substances, chemicals or wastes, identified as hazardous, toxic or dangerous materials in any applicable law or regulation, present on, in or under the Premises in violation of any applicable law or regulation. Lessor shall not introduce or use any hazardous, toxic or dangerous materials on, in or under the Premises in violation of any applicable law or regulation. If Lessor becomes aware of any such hazardous, toxic or dangerous materials, Lessor shall promptly notify Lessee of the type and location of such materials in writing. Lessor agrees to assume full responsibility for any liability or cleanup obligations for any contamination or pollution or breach of environmental laws related to the Premises, unless directly attributable to the actions of Lessee.

(h) Premises Conditions. Lessor represents and warrants to Lessee that Lessor is unaware of any site conditions or construction requirements (a) that would materially



increase the cost of installing the System at the planned locations on the Premises or would materially increase the cost of maintaining the System at the Premises over the cost that would be typical or customary for solar photovoltaic systems substantially similar to the System or (b) that would adversely affect the ability of the System as designed to produce Energy once installed.

(i) Interconnection Point. Lessor will maintain, at all times, a suitable electrical Interconnection point of sufficient capacity to accommodate the System on the Premises as such interconnection point as detailed in Exhibit B hereto.

**7. Representations and Warranties, Covenants of Lessee.**

(a) Authorization. Lessee represents and warrants that it (i) has been duly authorized to enter into this Lease by all necessary action, (ii) does not and will not require any further consent or approval of any person, authority or entity to consummate the obligations under this Lease, and (iii) will not be in default under any material agreement to which it is a party. This Lease constitutes a legal and valid obligation of Lessee, enforceable against Lessee in accordance with its terms, except as may be limited by bankruptcy, reorganization, insolvency, bank moratorium or laws relating to or affecting creditors' rights generally and general principles of equity whether such enforceability is considered in a proceeding in equity or at law.

(b) Hazardous Materials. Lessee shall not introduce or use any hazardous, toxic or dangerous materials on, in or under the Premises in violation of any applicable law or regulation. If Lessee becomes aware of any such hazardous, toxic or dangerous materials, Lessee shall promptly notify Lessor of the type and location of such materials in writing. Lessee agrees to assume full responsibility for (and protect, indemnify and defend Lessor against) any liability or cleanup obligations for any contamination or pollution or breach of environmental laws related to the use of any hazardous, toxic or dangerous materials on the Premises that are directly attributable to the actions of Lessee.

**8. Term and Termination.** The term of this Lease is coterminous with the SSA and this Lease shall terminate upon the expiration or termination of the SSA; provided, however, for a continuous period of one hundred eighty (180) days following the termination of this Lease, Lessor shall continue to provide Lessee (and its affiliates and subcontractors) with reasonable access to the Premises, consistent with the terms of this Lease, without payment of further rent or consideration in the event that the Lessee is permitted or required to remove the System pursuant to the terms of the SSA. Lessee may terminate this Lease at Lessee's sole discretion at any time by providing Lessor three (3) months' prior written notice.

**9. Insurance.** Each of Lessee and Lessor shall obtain and maintain the insurance coverages required under the SSA.

**10. Taxes.** Lessee shall pay all personal property taxes, possessory interest taxes, business or license taxes or fees, service payments in lieu of such taxes or fees, annual or periodic license or use fees, excises, assessments, bonds, levies, fees or charges of any kind which are assessed, levied, charged, confirmed, or imposed by any public authority due to Lessee's occupancy and use of the Premises (or any portion or component thereof). Lessor shall pay all (i) real and personal property taxes relating to the real property on which the Premises is situated, (ii) inheritance or estate taxes imposed upon or assessed against the

Premises, or any part thereof or interest therein, (iii) taxes computed upon the basis of the net income or payments derived from the Premises by Lessor or the owner of any interest therein, and (iv) taxes, fees, service payments, excises, assessments, bonds, levies, fees or charges of any kind which are adopted by any public authority after the date hereof.

11. **Indemnity.** Unless otherwise expressly indicated herein, the indemnification obligations of each Party are set forth in the SSA along with certain limitations on liability for both the SSA and this Lease.

12. **Casualty or Condemnation.** In the event the Premises shall be so damaged or destroyed so as to make the use of the Premises impractical as determined by Lessee, then either Lessee may elect to terminate this Lease on not less than twenty (20) days' prior notice to Lessor effective as of a date specified in such notice, and on the date so specified, this Lease shall expire as fully as if such date were the date set forth above for the expiration this Lease. If Lessee does not elect to terminate this Lease pursuant to the previous sentence, Lessor shall exercise commercially reasonable efforts to repair the damage to the Premises and return the Premises to its condition prior to such damage or destruction, and except that Lessor shall in no event be required to repair, replace or restore any property of Lessee comprising part of the System, which replacement or restoration shall be Lessee's responsibility. In the event of an award related to eminent domain or condemnation of all or part of the Premises, each Party shall be entitled to take from such an award that portion as allowed by law for its respective property interest appropriated as well as any damages suffered thereby.

13. **Assignment.** Each Party shall have the right to assign any of its rights duties or obligations under this Lease as permitted (or not permitted) under Article XVII of the SSA. Any proper assignee of the rights and duties of Lessee under the SSA shall also be deemed to be a proper assignee of Lessee's rights and duties under this Lease so long as such successor in interest agrees to assume the obligations of Lessee and abide by the terms and conditions hereunder.

14. **Provisions Benefiting Financier.**

(a) **Financier's Right to Possession, Right to Acquire and Right to Assign.** A Financier shall have the absolute right to do one, some or all of the following things: (a) assign its Lien; (b) enforce its Lien; (c) acquire title (whether by foreclosure, assignment in lieu of foreclosure or other means) to the leasehold estate created by this Lease (the "**Leasehold Estate**") and the rights created under the SSA; (d) take possession of and operate the System or any portion thereof and perform any obligations to be performed by Lessee hereunder and under the SSA, or cause a receiver to be appointed to do so; (e) assign or transfer the Leasehold Estate to a third party; or (f) exercise any rights of Lessee hereunder or under the SSA. Lessor's consent shall not be required for any of the foregoing; and, upon acquisition of the Leasehold Estate by a Financier or any other third party who acquires the same from or on behalf of the Financier or any purchaser who purchases at a foreclosure sale, Lessor shall recognize the Financier or such other party (as the case may be) as Lessee's proper successor, and the Lease and the SSA shall remain in full force and effect.

(b) **Notice of Default.** As a precondition to exercising any rights or remedies under this Lease or under the SSA as a result of any default or alleged default by Lessee, Lessor shall deliver a duplicate copy of the applicable notice of default (a "**Notice of Default**") to each Financier concurrently with delivery of such notice to Lessee, as applicable, specifying in

detail the alleged Event of Default and the required remedy, provided Lessor was given notice of such Financier as provided hereunder.

(c) Cure. A Financier shall have the same period after receipt of a Notice of Default to remedy an Event of Default, or cause the same to be remedied, as is given to Lessee after Lessee's receipt of a Notice of Default hereunder, plus, in each instance, the following additional time periods: (a) ten (10) Business Days in the event of any monetary Event of Default; and (b) sixty (60) days in the event of any non-monetary Event of Default; provided, however, that (a) such sixty (60)-day period shall be extended for the time reasonably required by the Financier to complete such cure, including the time required for the Financier to obtain possession of the System (including possession by a receiver), institute foreclosure proceedings or otherwise perfect its right to effect such cure and (b) the Financier shall not be required to cure those Events of Default which are not reasonably susceptible of being cured or performed by such Party ("Non-Curable Defaults"). The Financier shall have the absolute right, but not the obligation, to substitute itself or an affiliate for Lessee and perform the duties of Lessee hereunder for purposes of curing such Event of Default. Lessor expressly consents to such substitution, agrees to accept such performance, and authorizes the Financier, its affiliate (or either of their employees, agents, representatives or contractors) to enter upon the Premises to complete such performance with all of the rights and privileges of Lessee hereunder. Lessor shall not terminate this Lease or the SSA prior to expiration of the cure periods available to a Financier as set forth above.

(d) Deemed Cure; Extension. If any Event of Default by Lessee under this Lease or the SSA cannot be cured without obtaining possession of all or part of (a) the System, or (b) the Leasehold Estate, then any such Event of Default shall nonetheless be deemed remedied if: (i) within sixty (60) days after receiving notice from Lessor as set forth in Section 14 (b), a Financier acquires possession thereof, or commences appropriate judicial or nonjudicial proceedings to obtain the same; (ii) the Financier is prosecuting any such proceedings to completion with commercially reasonable diligence; and (iii) after gaining possession thereof, the Financier performs all other obligations as and when the same are due in accordance with the terms of this Lease and the SSA. If a Financier is prohibited by any process or injunction issued by any court or by reason of any action of any court having jurisdiction over any bankruptcy or insolvency proceeding involving Lessee, from commencing or prosecuting the proceedings described above, then the sixty (60)-day period specified above for commencing such proceedings shall be extended for the period of such prohibition.

(e) Liability. A Financier that does not directly hold an interest in this Lease and the SSA, or that holds a Lien, shall not have any obligation under this Lease or the SSA prior to the time that such Financier succeeds to absolute title to such interest. Any such Financier shall be liable to perform obligations under this Lease or the SSA only for and during the period of time that such Financier directly holds such absolute title. Further, in the event that a Financier elects to (a) perform Lessee's obligations under this Lease or the SSA, (b) continue Solar Services on the Premises, (c) acquire any portion of Lessee's right, title, or interest in the System, in this Lease or in the SSA or (d) enter into a new lease as provided in Section 14 (f) then such Financier shall not have any personal liability to Lessor in connection therewith, and Lessor's sole recourse in the event of default by such Financier shall be to execute against such Financier's Interest in the System. Moreover, any Financier or other party who acquires the Leasehold Estate pursuant to foreclosure or an assignment in lieu of foreclosure shall not be liable to perform any obligations thereunder to the extent the same are incurred or accrue after such Financier or other party no longer has ownership of the Leasehold Estate.

(f) New Lease to Financier. In the event that this Lease or the SSA (a) terminates because of Lessee's uncured Event of Default or (b) is rejected or disaffirmed pursuant to bankruptcy law or any other law affecting creditors' rights, then, so long as a Financier has cured any such monetary Event of Default and is making commercially reasonable efforts to cure any such non-monetary Event of Default as provided herein, Lessor shall, immediately upon written request from such Financier received within ninety (90) days after any such event, without demanding additional consideration therefor, enter into a new lease in favor of such Financier, which new lease shall (i) contain the same covenants, agreements, terms, provisions and limitations as this Lease (except for any requirements that have been fulfilled by Lessee prior to such termination, foreclosure, rejection or disaffirmance), (ii) be for a term commencing on the date of such termination, foreclosure, rejection or disaffirmance, and continuing for the remaining term of this Lease before giving effect to such termination, foreclosure, rejection or disaffirmance, (iii) contain a lease (or other subordinate interest) of the Premises or such portion thereof as to which such Financier held a Lien on the date of such termination, foreclosure, rejection or disaffirmance, (iv) contain a grant to the Financier of access, transmission, communications, utility and other easements covering such portion or portions of the Premises as such Financier may reasonably designate and (v) enjoy the same priority as this Lease over any lien, encumbrance or other interest created by Lessor; and, until such time as such new lease is executed and delivered, the Financier may enter, use and enjoy the Premises and perform the Solar Services thereon as if the Lease and the SSA were still in effect. At the option of the Financier, the new lease may be executed by a designee of such Financier, without the Financier assuming the burdens and obligations of Lessee thereunder. If more than one Financier makes a written request for a new lease pursuant hereto, then the same shall be delivered to the Financier whose Lien is senior in priority.

(g) Financier's Consent. Notwithstanding any provision of this Lease to the contrary, (a) Lessor shall not agree to a modification or amendment of this Lease if the same could reasonably be expected to materially reduce the rights or remedies of a Financier or impair or reduce the security for its Lien and (b) Lessor shall not accept a surrender of the System or any part thereof or a termination of this Lease or the SSA; in each such case without the prior written consent of each Financier.

(h) Collateral. Lessor hereby agrees that it may not institute, create or hold any lien (including, without limitation, any lien under A.R.S. § 33-362) in and to the System and other property of Lessee that is or may from time to time hereafter be located at the Premises, and to which Lessee has granted or will grant a security interest to Financier (all such property and the records relating thereto shall be hereafter called the "Collateral") to the lien of Financier. Lessor recognizes and acknowledges that any claim or claims ("Claims") that Financier has or may have against such Collateral by virtue of any lien or security interest, are superior to any claim of any nature that Lessor now has or may hereafter have to such Collateral by statute, agreement or otherwise. The Financier's rights provided for herein shall be effective until the discharge of the Claims. Lessor further agrees to notify any purchaser of the Premises or Facility, and any subsequent mortgagee or other encumbrance holder, of the existence of the foregoing waiver of Lessor's lien, which shall be binding upon the executors, administrators, successors and transferees of Lessor, and shall inure to the benefit of the successors and assigns of Financier.

(i) No Lien. Lessor consents to Financier's security interest in the Collateral and waives all right of levy for rent and all claims and demands of every kind against the Collateral, such waiver to continue so long as any sum remains owing from Lessee to the

Financier. Lessor agrees that the Collateral shall not be subject to distraint or execution by, or to any claim of, Lessor.

(j) No Prevention of Lessor. Lessor hereby irrevocably agrees and consents to refrain from taking any action to bar, restrain or otherwise prevent Financier from the Facility for the purpose of inspecting the Collateral.

**15. Defaults and Remedies.**

(a) Default. If a Party (the "Defaulting Party") fails to perform its obligations hereunder (an "Event of Default"), then it shall not be in default hereunder unless it fails to cure such Event of Default within ten (10) Business Days after receiving notice from the other Party (the "Non-Defaulting Party") for any monetary Event of Default or within sixty (60) days after receiving written notice from the Non-Defaulting Party stating with particularity the nature and extent of such Event of Default and specifying the method of cure (a "Notice of Default"); provided, however, that if the nature or extent of the obligation or obligations is such that more than sixty (60) days are required, in the exercise of commercially reasonable diligence, for performance of such obligation(s), then the Defaulting Party shall not be in default if it commences such performance within such sixty (60) day period and thereafter pursues the same to completion with commercially reasonable diligence.

(b) Payment Under Protest. The Defaulting Party may cure any monetary Event of Default by depositing the amount in controversy (not including claimed consequential, special, exemplary or punitive damages) in escrow with any reputable third party escrow, or by interpleading the same, which amount shall remain undistributed until final decision by a court of competent jurisdiction or upon agreement by the Parties. No such deposit shall constitute a waiver of the Defaulting Party's right to institute legal action for recovery of such amounts

(c) Remedies. The Non-Defaulting Party shall have and shall be entitled to exercise any and all remedies available to it at law or in equity, including the right to terminate the Lease pursuant to applicable Law, all of which remedies shall be cumulative. Such remedies shall include the right in the Non-Defaulting Party to pay or perform any obligations of the Defaulting Party that have not been paid or performed as required hereunder, and to obtain (i) subrogation rights therefor and (ii) immediate reimbursement from the Defaulting Party for the actual, reasonable and verifiable out-of-pocket costs of such payment or performance. Lease may be amended only in writing signed by Lessee and Lessor or their respective successors in interest.

**16. Notices.** All notices, requests, statements or payments will be made to the addresses and persons specified below. All notices will be made in writing except where this Lease expressly provides that notice may be made orally. Notices required to be in writing will be delivered by hand delivery, overnight delivery, facsimile, or e-mail (so long as a copy of such e-mail notice is provided immediately thereafter in accordance with the requirements of this section by hand delivery, overnight delivery, or facsimile). Notice by facsimile will (where confirmation of successful transmission is received) be deemed to have been received on the day on which it was transmitted (unless transmitted after 5:00 p.m. at the place of receipt or on a day that is not a Business Day, in which case it will be deemed received on the next Business Day). Notice by hand delivery or overnight delivery will be deemed to have been received when delivered. Notice by e-mail will be deemed to have been received when such e-mail is transmitted, so long as a copy of such e-mail notice is delivered immediately thereafter by hand delivery, overnight delivery, or facsimile. When Notice is permitted to be provided orally, notice

by telephone will be permitted and will be deemed to have been received at the time the call is received. A Party may change its address by providing notice of the same in accordance with the provisions of this section.

If to Lessor:

Paradise Valley Unified School District  
Attn: Ken Carter  
15002 N. 32<sup>nd</sup> St.  
Phoenix, AZ  
Phone: 602-4492071

If to Lessee:

SOLON PV1 LLC  
Attn: Brian Slayne  
6950 S Country Club Rd  
Tucson, AZ 85756  
Phone: (520) 807-1300  
Facsimile: (520) 807-4046

17. **Waiver.** The waiver by either party of any breach of any term, condition, or provision herein contained shall not be deemed to be a waiver of such term, condition, or provision, or any subsequent breach of the same, or any other term, condition, or provision contained herein.

18. **Notice of Malfunction.** Each Party shall notify the other Party as promptly as reasonably possible but in any event within twenty-four (24) hours following the discovery by it of any material malfunction of the System or interruption in the supply of Energy from the System. Each Party shall designate and advise the other Party of personnel to be notified in the event of such an emergency if different from the person identified in Section 16 directly above. Lessee shall correct, or cause to be corrected, any conditions related to the System that caused the emergency as soon as reasonably possible in light of the circumstances following notice of such emergency. Lessor shall correct, or cause to be corrected, any conditions under its control or responsibility that caused such emergency as soon as reasonably possible in light of the circumstances following notice of such emergency.

19. **Remedies Cumulative.** No remedy herein conferred upon or reserved to Lessee or Lessor shall exclude any other remedy herein or by law provided, but each shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

20. **Headings.** The headings in this Lease are solely for convenience and ease of reference and shall have no effect in interpreting the meaning of any provision of this Lease.

21. **Choice of Law.** This Lease shall be construed in accordance with the laws of the State of Arizona (without regard to its conflict of laws principles).

22. **Binding Effect.** This Lease and its rights, privileges, duties and obligations shall inure to the benefit of and be binding upon each of the parties hereto, together with their respective successors and permitted assigns.

23. **Counterparts.** This Lease may be executed in counterparts, which shall together constitute one and the same agreement. Facsimile or "pdf" signatures shall have the same effect as original signatures and each party consents to the admission in evidence of a facsimile or photocopy of this Lease in any court or arbitration proceedings between the parties.

24. **Entire Lease.** This Lease, the EPC and the SSA (including the exhibits, any written schedules, supplements or amendments thereto) represent the full and complete understanding between the parties hereto with respect to the subject matter contained herein and therein and supersede all prior written or oral agreements between said parties with respect to said subject matter. In the event of any conflict between the provisions of this Lease, the EPC and the provisions of the SSA then the provisions of the SSA shall govern and control.

25. **Further Assurances.** Upon the receipt of a written request from the other party, each party shall execute such additional documents, instruments and assurances and take such additional actions as are reasonably necessary to carry out the terms and intent hereof. Neither party shall unreasonably withhold, condition or delay its compliance with any reasonable request made pursuant to this section. At the request of Lessee, Lessor agrees to execute and deliver in recordable form, a memorandum of this Lease for recording in the title records of the county where the Premises are located or other applicable government office.

26. **Service Contract.** It is the intention of the Parties that the Transactions, taken as a whole, shall meet all of the requirements set forth in Section 7701(e)(4) of the Internal Revenue Code of 1986, as amended (the "**Code**"), and any related Treasury Regulations and IRS administrative pronouncements, so that the Transactions, taken as a whole, are deemed to be treated as a "service contract" and not as a "lease" pursuant to Code Section 7701(e). In the event that the provision of the Transactions, taken as whole, fail to comply with the requirements set forth in Code Section 7701(e)(4), then any such provision shall be of no force or effect and shall be subject to modification by Provider, in its sole discretion, to comply with Code Section 7701(e)(4); provided, however, that no such modifications shall serve to increase the Solar Services Payment Rate or any other amount payable by Recipient hereunder or under the SSA or otherwise increase in any material respect Recipient's other obligations under the Transactions.

27. **Estoppel.** Either Party hereto, without charge, at any time and from time to time, within five (5) business days after receipt of a written request by the other party hereto, shall deliver a written instrument, duly executed, certifying to such requesting party, or any other person, firm or corporation specified by such requesting party:

- (a) That this Lease is unmodified and in full force and effect, or if there has been any modification, that the same is in full force and effect as so modified, and identifying any such modification;
- (b) Whether or not to the knowledge of any such party there are then existing any offsets or defenses in favor of such party against enforcement of any of the terms, covenants and conditions of this Lease and, if so, specifying the same and also whether or not to the knowledge of such party the other party has observed and

performed all of the terms, covenants and conditions on its part to be observed and performed, and if not, specifying the same; and

(c) Such other information as may be reasonably requested by a Party hereto.

Any written instrument given hereunder may be relied upon by the recipient of such instrument, except to the extent the recipient has actual knowledge of facts contained in the certificate.

28. Lessee Records and Audits. Lessee shall retain all records relating to this Agreement for five (5) years after termination of this Agreement, and all such records shall be subject at all reasonable times to inspection and audit by Lessor for five (5) years after termination of this Agreement.

29. This agreement is subject to termination for conflict of interest pursuant to A.R. S. § 38-511.

*[signature page to follow]*



IN WITNESS WHEREOF, the parties have executed this Lease on the day and year first above written.

SOLON PV1, LLC

By: 

Name: Daniel McLaughlin

Title: VPE General Manager

[PARADISE VALLEY UNIFIED SCHOOL  
DISTRICT NO. 69]

By: 

Name: Ken Carter

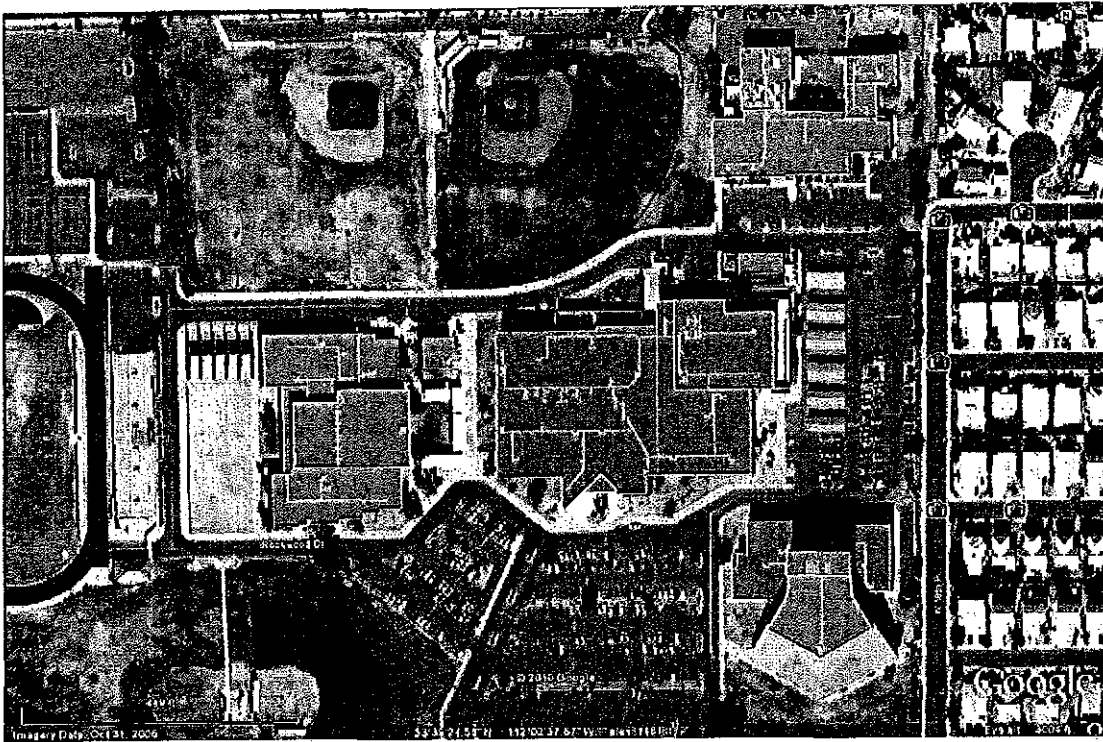
Title: Director of Purchasing

## EXHIBIT A

### Description of the Facility

#### **North Canyon High School System**

North Canyon High School property and facilities are located at 1700 E. Union Hills Drive, Phoenix, AZ 85024. The high school is located within the City of Phoenix. Arizona Public Services currently supplies power to the school.



**North Canyon High School**

## EXHIBIT B

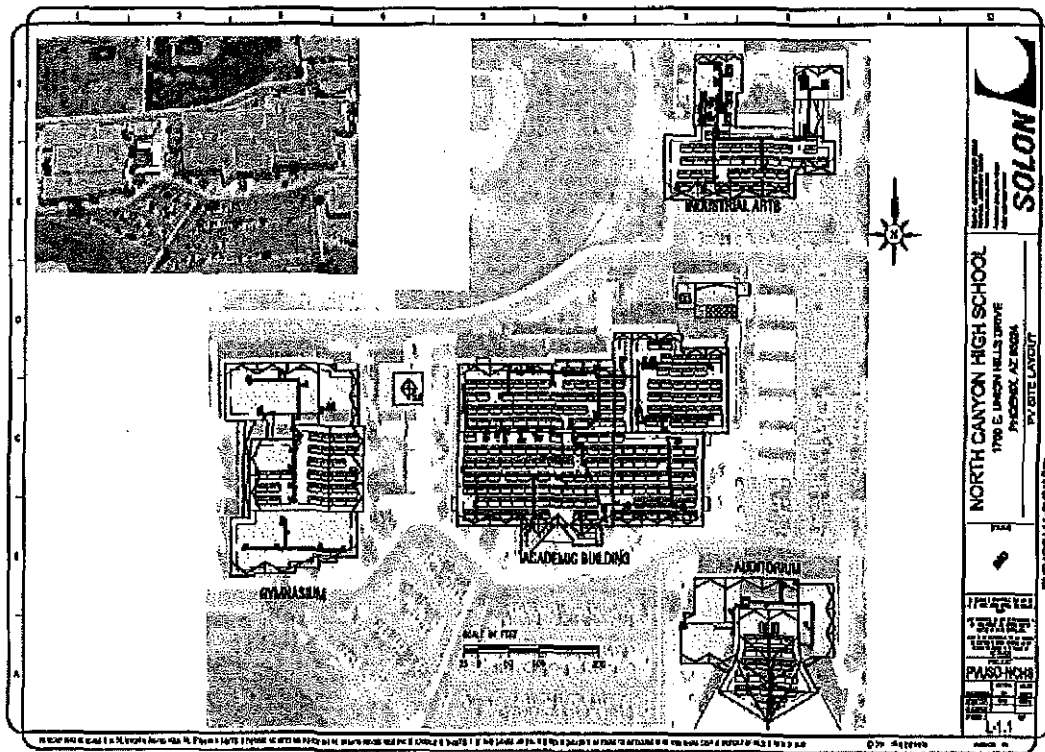
### Description of the Premises

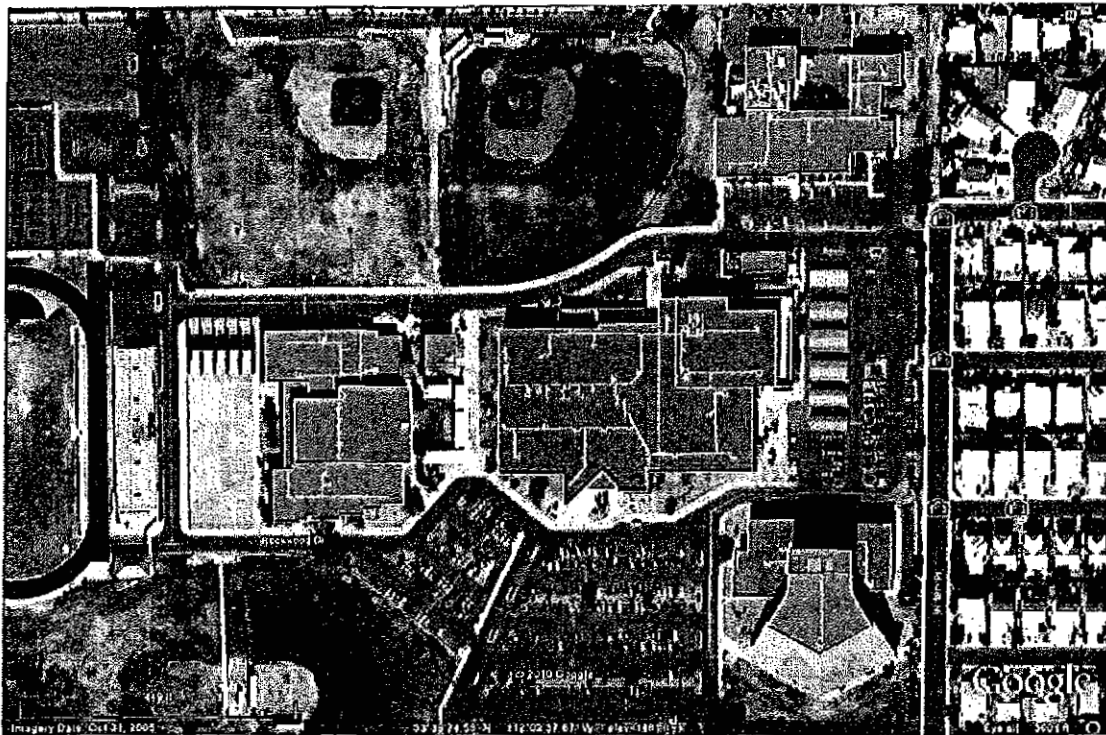
#### North Canyon High School System

North Canyon High School property and facilities are located at 1700 E. Union Hills Drive, Phoenix, AZ 85024. The high school is located within the City of Phoenix. Arizona Public Services currently supplies power to the school.

The proposed solar layout can be seen in the attached layout drawing L-1.1.

The PV modules will be distributed across the following four buildings, Industrial Arts, Gymnasium, Academic Building, and Auditorium. The distribution of modules on buildings will aid in the interconnection of the solar system to the power grid.





North Canyon High School

**EXHIBIT C-2**

## **Solar Facility Lease Pinnacle High School**

This Solar Facility Lease ("Lease"), dated as of Mar 10, 2010, is by and between SOLON PV1, LLC, an Arizona limited liability company ("Lessee"), and Paradise Valley Unified School District No. 69, a political subdivision of the State of Arizona ("Lessor") (each a "Party" and collectively, the ("Parties"). Capitalized terms used herein but not defined herein (including in the recitals hereto) shall have the respective meanings ascribed thereto in the SSA.

### **WITNESSETH**

WHEREAS, concurrently herewith, Lessee and Lessor are entering into that certain Solar Services Agreement, dated as of the date hereof (the "SSA"), pursuant to which Lessee has agreed to provide for the engineering, construction, installation, maintenance and operation of the System and provide Lessor with the Solar Services;

WHEREAS, in order to construct and install the System and provide the Solar Services, Lessee and its agents and contractors require access to certain property owned or leased by Lessor as identified in Exhibit A (the "Facility");

WHEREAS, in connection with the foregoing, Lessee desires to lease a portion of the Facility from Lessor in order to install and operate the System in furtherance of Lessee's obligations under the SSA and Lessor is willing to grant such lease to Lessee; and

WHEREAS, the Recipient has statutory authority to enter into this agreement pursuant to A.R.S. § 15-213.01; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, Lessee and Lessor hereby agree as follows:

1. **Leased Premises and Related Rights.** Lessor hereby leases to Lessee, in accordance with the terms and conditions hereinafter set forth, the real property listed in Exhibit B where the System will be installed (the "Premises"). Lessor hereby also grants to Lessee, for a period co-terminus with the Lease, a right-of-way to access the Premises across or through the Facility, including any structures or fixtures appurtenant to the Facility, passage through which is necessary or convenient to install or gain access to the System or the Premises.

2. **Rents.** Lessee shall pay Lessor one U.S. dollar (\$1.00) on the Commercial Operation Date (or such other date mutually agreeable to the parties) as and for rent of the Premises for the full term of this Lease.

3. **System Construction, Installation and Operation.**

(a) Lessor hereby consents to the construction of the System by Lessee on the Premises, including, without limitation, solar panels, mounting substrates or supports, wiring and connections, power inverters, service equipment, metering equipment and utility interconnections. Lessor acknowledges that the portion of the System on the roofs of the building(s) may weigh in the aggregate more than 20 pounds per square foot, consents to such specifications and warrants that the physical integrity of all structures, buildings and fixtures upon which the System will be constructed is sufficient to bear the weight of the System and

allow for safe installation of the same. Lessee may request written acknowledgement from Lessor pertaining to the final structural analysis related to the System.

- (b) Lessee shall also have the right from time to time during the term hereof:
- (i) to install and operate the System on the Premises;
  - (ii) to maintain, clean, repair, replace and dispose of part or all of the System;
  - (iii) to add or remove the System or any part thereof;
  - (iv) to access the Premises with guests for promotional purposes during normal open hours and at other times as are acceptable to the Lessor in its reasonable business judgment; and
  - (v) to perform (or cause to be performed) all tasks necessary or appropriate, as reasonably determined by Lessee, to carry out and provide the Solar Services.

(c) Lessor acknowledges that the installation of all or a portion of the System will require installation to the ground and may require physically mounting and adhering the System to the buildings, structures and fixtures appurtenant to the Premises and consents to such mounting or adhering, as applicable.

**4. Access to Premises.** Lessor shall provide Lessee with access, at all times, to the Premises to allow Lessee to perform the Solar Services as contemplated in the SSA and as required under the interconnection agreement with APS, including ingress and egress rights to the Premises for Lessee and its employees, contractors and sub-contractors and access to solar panels and conduits to interconnect the System with the Facility's electrical systems. Lessor shall use commercially reasonable efforts to provide sufficient space for the temporary storage and staging of tools, materials and equipment and for the parking of construction crew vehicles and temporary construction trailers and facilities reasonably necessary during the furnishing, installation, testing, commissioning, deconstruction, disassembly, decommissioning and removal of the System and access for rigging and material handling. Lessor shall provide Lessee a reasonable area for construction laydown. Lessor and its authorized representatives shall at all times have access to and the right to observe the construction of the System and other Solar Services, subject to compliance with Lessee's safety rules, but shall not interfere with Solar Services or handle any Lessee equipment or the System without written authorization from Lessee. In addition, Lessor shall grant Lessee access, at all times, to the Premises as reasonably necessary to allow Lessee to perform the Solar Services, including ingress and egress rights to the Premises for Lessee and its employees, contractors and subcontractors and APS personnel. Lessor shall provide necessary space for storing parts and supplies. Lessee shall use commercially reasonable efforts to perform the Solar Services in a manner that minimizes inconvenience to and interference with Lessor.

**5. System and Output Ownership.** Lessor acknowledges and agrees that Lessee or one of its affiliates is the exclusive owner and operator of the System, that all equipment comprising the System shall remain the personal property of Lessee and shall not become fixtures, notwithstanding the manner in which the System is or may be attached to any real

property of Lessor and Lessor shall have no right, title or interest in the System or any component thereof, notwithstanding that any such System may be physically mounted or adhered to the Premises or structures, buildings and fixtures on the Premises.

**6. Representations and Warranties, Covenants of Lessor.**

(a) Authorization. Lessor represents and warrants that Lessor (i) has been duly authorized to enter into this Lease by all necessary action (ii) does not and will not require any further consent or approval of any other person, authority or entity to consummate the obligations contemplated by this Lease, and (iii) will not be in default under any material agreement to which it is a party (including any lease in respect of the Premises as to which Lessor is the tenant). This Lease constitutes a legal and valid obligation of Lessor, enforceable against Lessor in accordance with its terms, except as may be limited by bankruptcy, reorganization, insolvency, bank moratorium or laws relating to or affecting creditors' rights generally and general principles of equity whether such enforceability is considered in a proceeding in equity or at law.

(b) Lessor's Title to Premises. Lessor represents, warrants and covenants that Lessor has lawful title to (or a valid leasehold interest in) the Facility and the Premises and that Lessee shall have quiet and peaceful possession of the Premises free from any claim of any entity or person of superior title thereto without hindrance to or interference with or molestation of Lessee's quiet enjoyment thereof, throughout the term of this Lease. To the extent Lessor's interest in all or any of the Facility is a leasehold interest, Lessor have caused each landlord (each, a "Lessor's Landlord") of each such portion of the Premises to execute and deliver an amendment to the Lessor's lease agreement or such other documentation as is reasonably acceptable to Lessee pursuant to which such Lessor's Landlord shall acknowledge and agree that Lessee's rights in the Premises granted hereunder shall run with such Premises throughout the term of this Lease (or until otherwise terminated pursuant to Section 8), notwithstanding any sale, lease, transfer, assignment, mortgage, pledge or other alienation or encumbrance by such Lessor's Landlord of the Premises. To the extent the Lessor is the fee simple owner of the Premises, Lessor shall not sell, lease, assign, mortgage, pledge or otherwise alienate or encumber the Premises unless Lessor shall have given Lessee at least 15 days' prior written notice thereof, which notice shall identify the transferee, the Premises to be so transferred and the proposed date of transfer. Lessor agrees that this Lease and the right of way granted in Section 1 of this Lease shall run with the Premises and survive any transfer of any of the Premises. Lessor agrees and acknowledges that it has no interest in the System and shall not gain any interest in the System by virtue of this Lease.

(c) No Interference With and Protection of System. Lessor will not conduct activities on, in or about the Facility or the Premises that have a reasonable likelihood of causing damage, impairment or otherwise adversely affecting the System. Lessor shall take all reasonable steps to limit access to the Premises to Lessor and Lessor's employees, invitees, agents and representatives. Lessor shall implement and maintain reasonable and appropriate security measures on the Premises to prevent Lessor's employees, invitees, agents and representatives, and other unrelated third-parties, from having access to the Premises or the System, and to prevent from occurring any theft, vandalism or other actions that have a reasonable likelihood of causing damage, impairment or otherwise adversely affecting the System. Lessor covenants that it will obtain a non-disturbance agreement ("NDA") from any third party, purchaser, lessee, assignee, mortgagee, pledge or other party who now has or may in the future obtain an interest in the Premises or to whom a lien has been granted, including, without limitation, any Financiers to Lessor, Lessor's Landlord or the owner of the Premises,



which NDA shall (a) acknowledge and consent to the Provider's rights contained in this Lease, (b) acknowledge that the third party has no interest or lien in the System and shall not gain any interest in the System by virtue of the Parties' performance or breach of this Lease and (c) subordinates any lien the third party may have related to the Facility to those rights and privileges granted to Lessee pursuant to this Lease with respect to the Facility and Premises.

(d) Maintenance of Facility. Lessor shall keep areas of the Facility and Premises that are under its control neat, clean and in good order and condition. Lessor shall give Lessee prompt notice of any damage to or defective condition in any part or appurtenance of the Facility and Premises (including mechanical, electrical, plumbing, heating, ventilating, air conditioning and other equipment facilities and systems located within or serving the Premises). Lessor shall give Lessee prompt notice of any damage to or defective condition in the System that it becomes aware of. Lessor shall exercise reasonable care to keep and make the Premises safe and to warn those lawfully on the Premises of existing dangers.

(e) Utilities. Lessor shall provide Lessee with Station Power during the term of this Lease. For purposes of this Lease "Station Power" shall mean electric energy consumed in the start-up and operation of the System, which is distinct from the alternating current output of the System. Lessor shall also provide Lessee access to a telephone line and/or an internet connection.

(f) Insolation. Lessor acknowledges and agrees that access to sunlight ("insolation") is essential to the value to Lessee of the leasehold interest granted hereunder and is a material inducement to Lessee in entering into this Lease. Accordingly, Lessor shall not permit any interference with insolation on and at the Premises, including interference related to Pests. Without limiting the foregoing, Lessor shall not construct or permit to be constructed any structure on the Premises that could adversely affect insolation levels, permit the growth of foliage that could adversely affect insolation levels, or emit or permit the emission of suspended particulate matter, smoke, fog or steam or other air-borne impediments to insolation. If Lessor becomes aware of any potential development or other activity on adjacent or nearby properties that could diminish the insolation to the Premises, Lessor shall advise Lessee of such information and reasonably cooperate with Lessee in measures to preserve existing levels of insolation at the Premises. Notwithstanding any other provision of this Lease, the Parties agree that (i) Lessee would be irreparably harmed by a breach of the provisions of this Section 6(f), (ii) an award of damages would be inadequate to remedy such a breach, and (iii) Lessee shall be entitled to equitable relief, including specific performance, to compel compliance with the provisions of this Section 6(f).

(g) Hazardous Materials. To the best of Lessor's knowledge, there are no substances, chemicals or wastes, identified as hazardous, toxic or dangerous materials in any applicable law or regulation, present on, in or under the Premises in violation of any applicable law or regulation. Lessor shall not introduce or use any hazardous, toxic or dangerous materials on, in or under the Premises in violation of any applicable law or regulation. If Lessor becomes aware of any such hazardous, toxic or dangerous materials, Lessor shall promptly notify Lessee of the type and location of such materials in writing. Lessor agrees to assume full responsibility for any liability or cleanup obligations for any contamination or pollution or breach of environmental laws related to the Premises, unless directly attributable to the actions of Lessee.

(h) Premises Conditions. Lessor represents and warrants to Lessee that Lessor is unaware of any site conditions or construction requirements (a) that would materially

increase the cost of installing the System at the planned locations on the Premises or would materially increase the cost of maintaining the System at the Premises over the cost that would be typical or customary for solar photovoltaic systems substantially similar to the System or (b) that would adversely affect the ability of the System as designed to produce Energy once installed.

(i) Interconnection Point. Lessor will maintain, at all times, a suitable electrical interconnection point of sufficient capacity to accommodate the System on the Premises as such interconnection point as detailed in Exhibit B hereto.

**7. Representations and Warranties, Covenants of Lessee.**

(a) Authorization. Lessee represents and warrants that it (i) has been duly authorized to enter into this Lease by all necessary action, (ii) does not and will not require any further consent or approval of any person, authority or entity to consummate the obligations under this Lease, and (iii) will not be in default under any material agreement to which it is a party. This Lease constitutes a legal and valid obligation of Lessee, enforceable against Lessee in accordance with its terms, except as may be limited by bankruptcy, reorganization, insolvency, bank moratorium or laws relating to or affecting creditors' rights generally and general principles of equity whether such enforceability is considered in a proceeding in equity or at law.

(b) Hazardous Materials. Lessee shall not introduce or use any hazardous, toxic or dangerous materials on, in or under the Premises in violation of any applicable law or regulation. If Lessee becomes aware of any such hazardous, toxic or dangerous materials, Lessee shall promptly notify Lessor of the type and location of such materials in writing. Lessee agrees to assume full responsibility for (and protect, indemnify and defend Lessor against) any liability or cleanup obligations for any contamination or pollution or breach of environmental laws related to the use of any hazardous, toxic or dangerous materials on the Premises that are directly attributable to the actions of Lessee.

**8. Term and Termination**. The term of this Lease is coterminous with the SSA and this Lease shall terminate upon the expiration or termination of the SSA; provided, however, for a continuous period of one hundred eighty (180) days following the termination of this Lease, Lessor shall continue to provide Lessee (and its affiliates and subcontractors) with reasonable access to the Premises, consistent with the terms of this Lease, without payment of further rent or consideration in the event that the Lessee is permitted or required to remove the System pursuant to the terms of the SSA. Lessee may terminate this Lease at Lessee's sole discretion at any time by providing Lessor three (3) months' prior written notice.

**9. Insurance**. Each of Lessee and Lessor shall obtain and maintain the insurance coverages required under the SSA.

**10. Taxes**. Lessee shall pay all personal property taxes, possessory interest taxes, business or license taxes or fees, service payments in lieu of such taxes or fees, annual or periodic license or use fees, excises, assessments, bonds, levies, fees or charges of any kind which are assessed, levied, charged, confirmed, or imposed by any public authority due to Lessee's occupancy and use of the Premises (or any portion or component thereof). Lessor shall pay all (i) real and personal property taxes relating to the real property on which the Premises is situated, (ii) inheritance or estate taxes imposed upon or assessed against the

Premises, or any part thereof or interest therein, (iii) taxes computed upon the basis of the net income or payments derived from the Premises by Lessor or the owner of any interest therein, and (iv) taxes, fees, service payments, excises, assessments, bonds, levies, fees or charges of any kind which are adopted by any public authority after the date hereof.

11. **Indemnity.** Unless otherwise expressly indicated herein, the indemnification obligations of each Party are set forth in the SSA along with certain limitations on liability for both the SSA and this Lease.

12. **Casualty or Condemnation.** In the event the Premises shall be so damaged or destroyed so as to make the use of the Premises impractical as determined by Lessee, then either Lessee may elect to terminate this Lease on not less than twenty (20) days' prior notice to Lessor effective as of a date specified in such notice, and on the date so specified, this Lease shall expire as fully as if such date were the date set forth above for the expiration this Lease. If Lessee does not elect to terminate this Lease pursuant to the previous sentence, Lessor shall exercise commercially reasonable efforts to repair the damage to the Premises and return the Premises to its condition prior to such damage or destruction, and except that Lessor shall in no event be required to repair, replace or restore any property of Lessee comprising part of the System, which replacement or restoration shall be Lessee's responsibility. In the event of an award related to eminent domain or condemnation of all or part of the Premises, each Party shall be entitled to take from such an award that portion as allowed by law for its respective property interest appropriated as well as any damages suffered thereby.

13. **Assignment.** Each Party shall have the right to assign any of its rights duties or obligations under this Lease as permitted (or not permitted) under Article XVII of the SSA. Any proper assignee of the rights and duties of Lessee under the SSA shall also be deemed to be a proper assignee of Lessee's rights and duties under this Lease so long as such successor in interest agrees to assume the obligations of Lessee and abide by the terms and conditions hereunder.

14. **Provisions Benefiting Financier.**

(a) **Financier's Right to Possession, Right to Acquire and Right to Assign.** A Financier shall have the absolute right to do one, some or all of the following things: (a) assign its Lien; (b) enforce its Lien; (c) acquire title (whether by foreclosure, assignment in lieu of foreclosure or other means) to the leasehold estate created by this Lease (the "**Leasehold Estate**") and the rights created under the SSA; (d) take possession of and operate the System or any portion thereof and perform any obligations to be performed by Lessee hereunder and under the SSA, or cause a receiver to be appointed to do so; (e) assign or transfer the Leasehold Estate to a third party; or (f) exercise any rights of Lessee hereunder or under the SSA. Lessor's consent shall not be required for any of the foregoing; and, upon acquisition of the Leasehold Estate by a Financier or any other third party who acquires the same from or on behalf of the Financier or any purchaser who purchases at a foreclosure sale, Lessor shall recognize the Financier or such other party (as the case may be) as Lessee's proper successor, and the Lease and the SSA shall remain in full force and effect.

(b) **Notice of Default.** As a precondition to exercising any rights or remedies under this Lease or under the SSA as a result of any default or alleged default by Lessee, Lessor shall deliver a duplicate copy of the applicable notice of default (a "**Notice of Default**") to each Financier concurrently with delivery of such notice to Lessee, as applicable, specifying in

detail the alleged Event of Default and the required remedy, provided Lessor was given notice of such Financier as provided hereunder.

(c) Cure. A Financier shall have the same period after receipt of a Notice of Default to remedy an Event of Default, or cause the same to be remedied, as is given to Lessee after Lessee's receipt of a Notice of Default hereunder, plus, in each instance, the following additional time periods: (a) ten (10) Business Days in the event of any monetary Event of Default; and (b) sixty (60) days in the event of any non-monetary Event of Default; provided, however, that (a) such sixty (60)-day period shall be extended for the time reasonably required by the Financier to complete such cure, including the time required for the Financier to obtain possession of the System (including possession by a receiver), institute foreclosure proceedings or otherwise perfect its right to effect such cure and (b) the Financier shall not be required to cure those Events of Default which are not reasonably susceptible of being cured or performed by such Party ("Non-Curable Defaults"). The Financier shall have the absolute right, but not the obligation, to substitute itself or an affiliate for Lessee and perform the duties of Lessee hereunder for purposes of curing such Event of Default. Lessor expressly consents to such substitution, agrees to accept such performance, and authorizes the Financier, its affiliate (or either of their employees, agents, representatives or contractors) to enter upon the Premises to complete such performance with all of the rights and privileges of Lessee hereunder. Lessor shall not terminate this Lease or the SSA prior to expiration of the cure periods available to a Financier as set forth above.

(d) Deemed Cure; Extension. If any Event of Default by Lessee under this Lease or the SSA cannot be cured without obtaining possession of all or part of (a) the System, or (b) the Leasehold Estate, then any such Event of Default shall nonetheless be deemed remedied if: (i) within sixty (60) days after receiving notice from Lessor as set forth in Section 14 (b), a Financier acquires possession thereof, or commences appropriate judicial or nonjudicial proceedings to obtain the same; (ii) the Financier is prosecuting any such proceedings to completion with commercially reasonable diligence; and (iii) after gaining possession thereof, the Financier performs all other obligations as and when the same are due in accordance with the terms of this Lease and the SSA. If a Financier is prohibited by any process or injunction issued by any court or by reason of any action of any court having jurisdiction over any bankruptcy or insolvency proceeding involving Lessee, from commencing or prosecuting the proceedings described above, then the sixty (60)-day period specified above for commencing such proceedings shall be extended for the period of such prohibition.

(e) Liability. A Financier that does not directly hold an interest in this Lease and the SSA, or that holds a Lien, shall not have any obligation under this Lease or the SSA prior to the time that such Financier succeeds to absolute title to such interest. Any such Financier shall be liable to perform obligations under this Lease or the SSA only for and during the period of time that such Financier directly holds such absolute title. Further, in the event that a Financier elects to (a) perform Lessee's obligations under this Lease or the SSA, (b) continue Solar Services on the Premises, (c) acquire any portion of Lessee's right, title, or interest in the System, in this Lease or in the SSA or (d) enter into a new lease as provided in Section 14 (f) then such Financier shall not have any personal liability to Lessor in connection therewith, and Lessor's sole recourse in the event of default by such Financier shall be to execute against such Financier's interest in the System. Moreover, any Financier or other party who acquires the Leasehold Estate pursuant to foreclosure or an assignment in lieu of foreclosure shall not be liable to perform any obligations thereunder to the extent the same are incurred or accrue after such Financier or other party no longer has ownership of the Leasehold Estate.

(f) New Lease to Financier. In the event that this Lease or the SSA (a) terminates because of Lessee's uncured Event of Default or (b) is rejected or disaffirmed pursuant to bankruptcy law or any other law affecting creditors' rights, then, so long as a Financier has cured any such monetary Event of Default and is making commercially reasonable efforts to cure any such non-monetary Event of Default as provided herein, Lessor shall, immediately upon written request from such Financier received within ninety (90) days after any such event, without demanding additional consideration therefor, enter into a new lease in favor of such Financier, which new lease shall (i) contain the same covenants, agreements, terms, provisions and limitations as this Lease (except for any requirements that have been fulfilled by Lessee prior to such termination, foreclosure, rejection or disaffirmance), (ii) be for a term commencing on the date of such termination, foreclosure, rejection or disaffirmance, and continuing for the remaining term of this Lease before giving effect to such termination, foreclosure, rejection or disaffirmance, (iii) contain a lease (or other subordinate interest) of the Premises or such portion thereof as to which such Financier held a Lien on the date of such termination, foreclosure, rejection or disaffirmance, (iv) contain a grant to the Financier of access, transmission, communications, utility and other easements covering such portion or portions of the Premises as such Financier may reasonably designate and (v) enjoy the same priority as this Lease over any lien, encumbrance or other interest created by Lessor; and, until such time as such new lease is executed and delivered, the Financier may enter, use and enjoy the Premises and perform the Solar Services thereon as if the Lease and the SSA were still in effect. At the option of the Financier, the new lease may be executed by a designee of such Financier, without the Financier assuming the burdens and obligations of Lessee thereunder. If more than one Financier makes a written request for a new lease pursuant hereto, then the same shall be delivered to the Financier whose Lien is senior in priority.

(g) Financier's Consent. Notwithstanding any provision of this Lease to the contrary, (a) Lessor shall not agree to a modification or amendment of this Lease if the same could reasonably be expected to materially reduce the rights or remedies of a Financier or impair or reduce the security for its Lien and (b) Lessor shall not accept a surrender of the System or any part thereof or a termination of this Lease or the SSA; in each such case without the prior written consent of each Financier.

(h) Collateral. Lessor hereby agrees that it may not institute, create or hold any lien (including, without limitation, any lien under A.R.S. § 33-362) in and to the System and other property of Lessee that is or may from time to time hereafter be located at the Premises, and to which Lessee has granted or will grant a security interest to Financier (all such property and the records relating thereto shall be hereafter called the "Collateral") to the lien of Financier. Lessor recognizes and acknowledges that any claim or claims ("Claims") that Financier has or may have against such Collateral by virtue of any lien or security interest, are superior to any claim of any nature that Lessor now has or may hereafter have to such Collateral by statute, agreement or otherwise. The Financier's rights provided for herein shall be effective until the discharge of the Claims. Lessor further agrees to notify any purchaser of the Premises or Facility, and any subsequent mortgagee or other encumbrance holder, of the existence of the foregoing waiver of Lessor's lien, which shall be binding upon the executors, administrators, successors and transferees of Lessor, and shall inure to the benefit of the successors and assigns of Financier.

(i) No Lien. Lessor consents to Financier's security interest in the Collateral and waives all right of levy for rent and all claims and demands of every kind against the Collateral, such waiver to continue so long as any sum remains owing from Lessee to the

Financier. Lessor agrees that the Collateral shall not be subject to distraint or execution by, or to any claim of, Lessor.

(j) No Prevention of Lessor. Lessor hereby irrevocably agrees and consents to refrain from taking any action to bar, restrain or otherwise prevent Financier from the Facility for the purpose of inspecting the Collateral.

**15. Defaults and Remedies.**

(a) Default. If a Party (the "Defaulting Party") fails to perform its obligations hereunder (an "Event of Default"), then it shall not be in default hereunder unless it fails to cure such Event of Default within ten (10) Business Days after receiving notice from the other Party (the "Non-Defaulting Party") for any monetary Event of Default or within sixty (60) days after receiving written notice from the Non-Defaulting Party stating with particularity the nature and extent of such Event of Default and specifying the method of cure (a "Notice of Default"); provided, however, that if the nature or extent of the obligation or obligations is such that more than sixty (60) days are required, in the exercise of commercially reasonable diligence, for performance of such obligation(s), then the Defaulting Party shall not be in default if it commences such performance within such sixty (60) day period and thereafter pursues the same to completion with commercially reasonable diligence.

(b) Payment Under Protest. The Defaulting Party may cure any monetary Event of Default by depositing the amount in controversy (not including claimed consequential, special, exemplary or punitive damages) in escrow with any reputable third party escrow, or by interpleading the same, which amount shall remain undistributed until final decision by a court of competent jurisdiction or upon agreement by the Parties. No such deposit shall constitute a waiver of the Defaulting Party's right to institute legal action for recovery of such amounts

(c) Remedies. The Non-Defaulting Party shall have and shall be entitled to exercise any and all remedies available to it at law or in equity, including the right to terminate the Lease pursuant to applicable Law, all of which remedies shall be cumulative. Such remedies shall include the right in the Non-Defaulting Party to pay or perform any obligations of the Defaulting Party that have not been paid or performed as required hereunder, and to obtain (i) subrogation rights therefor and (ii) immediate reimbursement from the Defaulting Party for the actual, reasonable and verifiable out-of-pocket costs of such payment or performance. Lease may be amended only in writing signed by Lessee and Lessor or their respective successors in interest.

**16. Notices.** All notices, requests, statements or payments will be made to the addresses and persons specified below. All notices will be made in writing except where this Lease expressly provides that notice may be made orally. Notices required to be in writing will be delivered by hand delivery, overnight delivery, facsimile, or e-mail (so long as a copy of such e-mail notice is provided immediately thereafter in accordance with the requirements of this section by hand delivery, overnight delivery, or facsimile). Notice by facsimile will (where confirmation of successful transmission is received) be deemed to have been received on the day on which it was transmitted (unless transmitted after 5:00 p.m. at the place of receipt or on a day that is not a Business Day, in which case it will be deemed received on the next Business Day). Notice by hand delivery or overnight delivery will be deemed to have been received when delivered. Notice by e-mail will be deemed to have been received when such e-mail is transmitted, so long as a copy of such e-mail notice is delivered immediately thereafter by hand delivery, overnight delivery, or facsimile. When Notice is permitted to be provided orally, notice

by telephone will be permitted and will be deemed to have been received at the time the call is received. A Party may change its address by providing notice of the same in accordance with the provisions of this section.

If to Lessor:

Paradise Valley Unified School District  
Attn: Ken Carter  
15002 N. 32<sup>nd</sup> St.  
Phoenix, AZ  
Phone: 602-4492071

If to Lessee:

SOLON PV1 LLC  
Attn: Brian Slayne  
6950 S Country Club Rd  
Tucson, AZ 85756  
Phone: (520) 807-1300  
Facsimile: (520) 807-4046

17. **Waiver.** The waiver by either party of any breach of any term, condition, or provision herein contained shall not be deemed to be a waiver of such term, condition, or provision, or any subsequent breach of the same, or any other term, condition, or provision contained herein.

18. **Notice of Malfunction.** Each Party shall notify the other Party as promptly as reasonably possible but in any event within twenty-four (24) hours following the discovery by it of any material malfunction of the System or interruption in the supply of Energy from the System. Each Party shall designate and advise the other Party of personnel to be notified in the event of such an emergency if different from the person identified in Section 16 directly above. Lessee shall correct, or cause to be corrected, any conditions related to the System that caused the emergency as soon as reasonably possible in light of the circumstances following notice of such emergency. Lessor shall correct, or cause to be corrected, any conditions under its control or responsibility that caused such emergency as soon as reasonably possible in light of the circumstances following notice of such emergency.

19. **Remedies Cumulative.** No remedy herein conferred upon or reserved to Lessee or Lessor shall exclude any other remedy herein or by law provided, but each shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

20. **Headings.** The headings in this Lease are solely for convenience and ease of reference and shall have no effect in interpreting the meaning of any provision of this Lease.

21. **Choice of Law.** This Lease shall be construed in accordance with the laws of the State of Arizona (without regard to its conflict of laws principles).

22. **Binding Effect.** This Lease and its rights, privileges, duties and obligations shall inure to the benefit of and be binding upon each of the parties hereto, together with their respective successors and permitted assigns.

23. **Counterparts.** This Lease may be executed in counterparts, which shall together constitute one and the same agreement. Facsimile or "pdf" signatures shall have the same effect as original signatures and each party consents to the admission in evidence of a facsimile or photocopy of this Lease in any court or arbitration proceedings between the parties.

24. **Entire Lease.** This Lease, the EPC and the SSA (including the exhibits, any written schedules, supplements or amendments thereto) represent the full and complete understanding between the parties hereto with respect to the subject matter contained herein and therein and supersede all prior written or oral agreements between said parties with respect to said subject matter. In the event of any conflict between the provisions of this Lease, the EPC and the provisions of the SSA then the provisions of the SSA shall govern and control.

25. **Further Assurances.** Upon the receipt of a written request from the other party, each party shall execute such additional documents, instruments and assurances and take such additional actions as are reasonably necessary to carry out the terms and intent hereof. Neither party shall unreasonably withhold, condition or delay its compliance with any reasonable request made pursuant to this section. At the request of Lessee, Lessor agrees to execute and deliver in recordable form, a memorandum of this Lease for recording in the title records of the county where the Premises are located or other applicable government office.

26. **Service Contract.** It is the intention of the Parties that the Transactions, taken as a whole, shall meet all of the requirements set forth in Section 7701(e)(4) of the Internal Revenue Code of 1986, as amended (the "**Code**"), and any related Treasury Regulations and IRS administrative pronouncements, so that the Transactions, taken as a whole, are deemed to be treated as a "service contract" and not as a "lease" pursuant to Code Section 7701(e). In the event that the provision of the Transactions, taken as whole, fail to comply with the requirements set forth in Code Section 7701(e)(4), then any such provision shall be of no force or effect and shall be subject to modification by Provider, in its sole discretion, to comply with Code Section 7701(e)(4); provided, however, that no such modifications shall serve to increase the Solar Services Payment Rate or any other amount payable by Recipient hereunder or under the SSA or otherwise increase in any material respect Recipient's other obligations under the Transactions.

27. **Estoppel.** Either Party hereto, without charge, at any time and from time to time, within five (5) business days after receipt of a written request by the other party hereto, shall deliver a written instrument, duly executed, certifying to such requesting party, or any other person, firm or corporation specified by such requesting party:

- (a) That this Lease is unmodified and in full force and effect, or if there has been any modification, that the same is in full force and effect as so modified, and identifying any such modification;
- (b) Whether or not to the knowledge of any such party there are then existing any offsets or defenses in favor of such party against enforcement of any of the terms, covenants and conditions of this Lease and, if so, specifying the same and also whether or not to the knowledge of such party the other party has observed and



performed all of the terms, covenants and conditions on its part to be observed and performed, and if not, specifying the same; and

(c) Such other information as may be reasonably requested by a Party hereto.

Any written instrument given hereunder may be relied upon by the recipient of such instrument, except to the extent the recipient has actual knowledge of facts contained in the certificate.

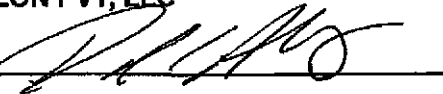
28. Lessee Records and Audits. Lessee shall retain all records relating to this Agreement for five (5) years after termination of this Agreement, and all such records shall be subject at all reasonable times to inspection and audit by Lessor for five (5) years after termination of this Agreement.

29. This agreement is subject to termination for conflict of interest pursuant to A.R. S. § 38-511.

*[signature page to follow]*

IN WITNESS WHEREOF, the parties have executed this Lease on the day and year first above written.

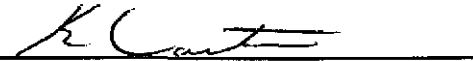
SOLON PV1, LLC

By: 

Name: Daniel Alconbricht

Title: VP & General Manager

[PARADISE VALLEY UNIFIED SCHOOL DISTRICT NO. 69]

By: 

Name: Ken Carter

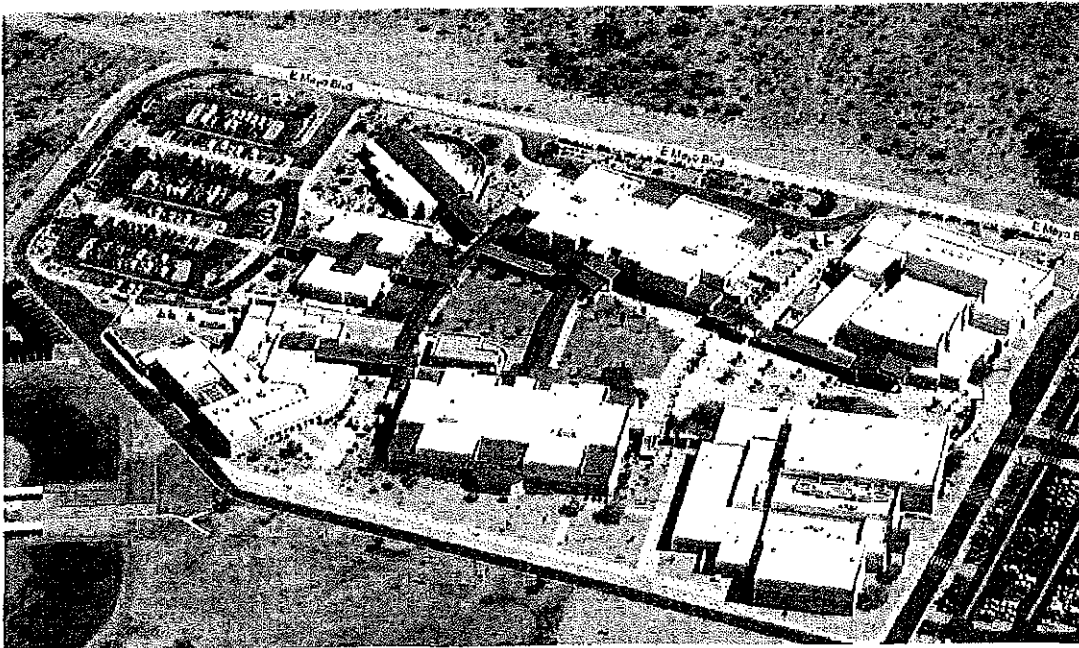
Title: Director of Purchasing

## EXHIBIT A

### Description of the Facility

#### **Pinnacle High School System**

Pinnacle High School property and facilities are located at 3535 E. Mayo Boulevard, Phoenix, AZ 85050. The high school is located within the City of Phoenix. Arizona Public Services currently supplies power to the school.

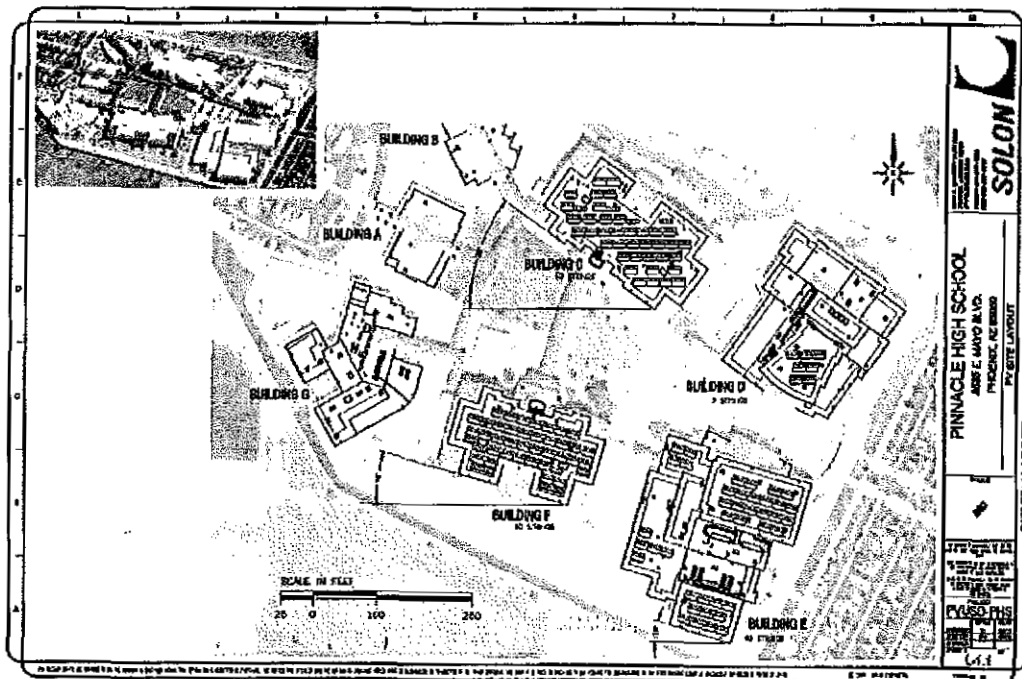


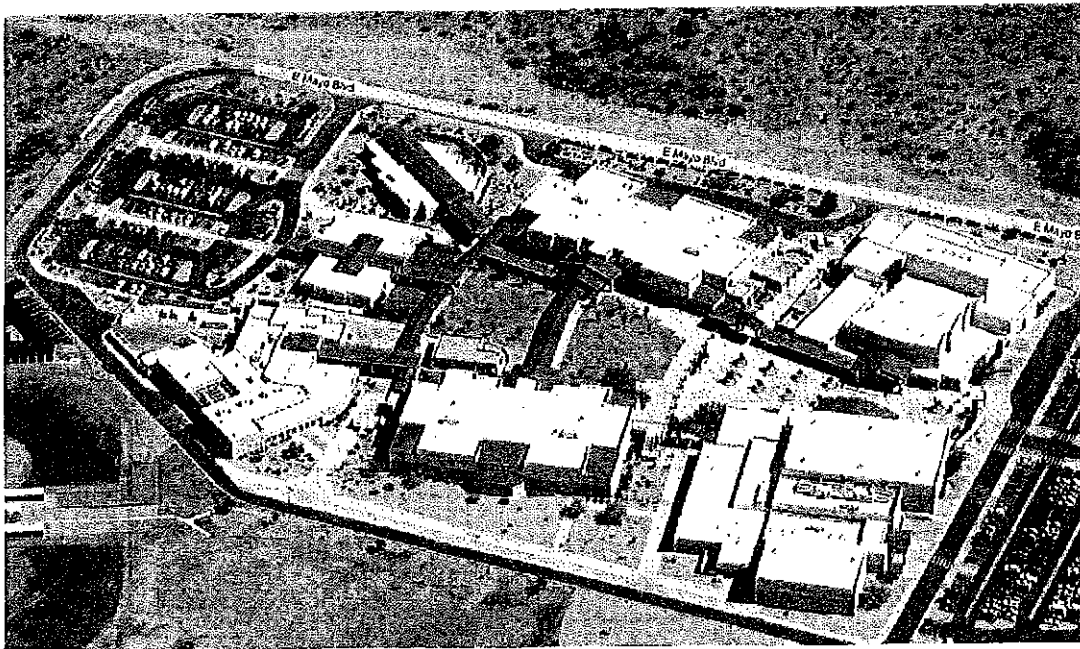
**Pinnacle High School**

### Description of the Premises

Pinnacle High School property and facilities are located at 3535 E. Mayo Boulevard, Phoenix, AZ 85050. The high school is located within the City of Phoenix. Arizona Public Services currently supplies power to the school.

The PV modules will be distributed across the following four buildings, Building C, Building D, Building E and Building F. The distribution of modules across buildings will aid in the interconnection of the solar system to the power grid.





**Pinnacle High School**

**EXHIBIT C-3**

## **Solar Facility Lease Shadow Mountain High School**

This Solar Facility Lease ("Lease"), dated as of Mar 10, 2010, is by and between SOLON PV1, LLC, an Arizona limited liability company ("Lessee"), and Paradise Valley Unified School District No. 69, a political subdivision of the State of Arizona ("Lessor") (each a "Party" and collectively, the ("Parties"). Capitalized terms used herein but not defined herein (including in the recitals hereto) shall have the respective meanings ascribed thereto in the SSA.

### **WITNESSETH**

WHEREAS, concurrently herewith, Lessee and Lessor are entering into that certain Solar Services Agreement, dated as of the date hereof (the "SSA"), pursuant to which Lessee has agreed to provide for the engineering, construction, installation, maintenance and operation of the System and provide Lessor with the Solar Services;

WHEREAS, in order to construct and install the System and provide the Solar Services, Lessee and its agents and contractors require access to certain property owned or leased by Lessor as identified in Exhibit A (the "Facility");

WHEREAS, in connection with the foregoing, Lessee desires to lease a portion of the Facility from Lessor in order to install and operate the System in furtherance of Lessee's obligations under the SSA and Lessor is willing to grant such lease to Lessee; and

WHEREAS, the Recipient has statutory authority to enter into this agreement pursuant to A.R.S. § 15-213.01; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, Lessee and Lessor hereby agree as follows:

1. **Leased Premises and Related Rights.** Lessor hereby leases to Lessee, in accordance with the terms and conditions hereinafter set forth, the real property listed in Exhibit B where the System will be installed (the "Premises"). Lessor hereby also grants to Lessee, for a period co-terminus with the Lease, a right-of-way to access the Premises across or through the Facility, including any structures or fixtures appurtenant to the Facility, passage through which is necessary or convenient to install or gain access to the System or the Premises.

2. **Rents.** Lessee shall pay Lessor one U.S. dollar (\$1.00) on the Commercial Operation Date (or such other date mutually agreeable to the parties) as and for rent of the Premises for the full term of this Lease.

3. **System Construction, Installation and Operation.**

(a) Lessor hereby consents to the construction of the System by Lessee on the Premises, including, without limitation, solar panels, mounting substrates or supports, wiring and connections, power inverters, service equipment, metering equipment and utility interconnections. Lessor acknowledges that the portion of the System on the roofs of the building(s) may weigh in the aggregate more than 20 pounds per square foot, consents to such specifications and warrants that the physical integrity of all structures, buildings and fixtures upon which the System will be constructed is sufficient to bear the weight of the System and

allow for safe installation of the same. Lessee may request written acknowledgement from Lessor pertaining to the final structural analysis related to the System.

(b) Lessee shall also have the right from time to time during the term hereof:

(i) to install and operate the System on the Premises;

(ii) to maintain, clean, repair, replace and dispose of part or all of the System;

(iii) to add or remove the System or any part thereof;

(iv) to access the Premises with guests for promotional purposes during normal open hours and at other times as are acceptable to the Lessor in its reasonable business judgment; and

(v) to perform (or cause to be performed) all tasks necessary or appropriate, as reasonably determined by Lessee, to carry out and provide the Solar Services.

(c) Lessor acknowledges that the installation of all or a portion of the System will require installation to the ground and may require physically mounting and adhering the System to the buildings, structures and fixtures appurtenant to the Premises and consents to such mounting or adhering, as applicable.

4. **Access to Premises.** Lessor shall provide Lessee with access, at all times, to the Premises to allow Lessee to perform the Solar Services as contemplated in the SSA and as required under the interconnection agreement with APS, including ingress and egress rights to the Premises for Lessee and its employees, contractors and sub-contractors and access to solar panels and conduits to interconnect the System with the Facility's electrical systems. Lessor shall use commercially reasonable efforts to provide sufficient space for the temporary storage and staging of tools, materials and equipment and for the parking of construction crew vehicles and temporary construction trailers and facilities reasonably necessary during the furnishing, installation, testing, commissioning, deconstruction, disassembly, decommissioning and removal of the System and access for rigging and material handling. Lessor shall provide Lessee a reasonable area for construction laydown. Lessor and its authorized representatives shall at all times have access to and the right to observe the construction of the System and other Solar Services, subject to compliance with Lessee's safety rules, but shall not interfere with Solar Services or handle any Lessee equipment or the System without written authorization from Lessee. In addition, Lessor shall grant Lessee access, at all times, to the Premises as reasonably necessary to allow Lessee to perform the Solar Services, including ingress and egress rights to the Premises for Lessee and its employees, contractors and subcontractors and APS personnel. Lessor shall provide necessary space for storing parts and supplies. Lessee shall use commercially reasonable efforts to perform the Solar Services in a manner that minimizes inconvenience to and interference with Lessor.

5. **System and Output Ownership.** Lessor acknowledges and agrees that Lessee or one of its affiliates is the exclusive owner and operator of the System, that all equipment comprising the System shall remain the personal property of Lessee and shall not become fixtures, notwithstanding the manner in which the System is or may be attached to any real



property of Lessor and Lessor shall have no right, title or interest in the System or any component thereof, notwithstanding that any such System may be physically mounted or adhered to the Premises or structures, buildings and fixtures on the Premises.

**6. Representations and Warranties, Covenants of Lessor.**

(a) Authorization. Lessor represents and warrants that Lessor (i) has been duly authorized to enter into this Lease by all necessary action (ii) does not and will not require any further consent or approval of any other person, authority or entity to consummate the obligations contemplated by this Lease, and (iii) will not be in default under any material agreement to which it is a party (including any lease in respect of the Premises as to which Lessor is the tenant). This Lease constitutes a legal and valid obligation of Lessor, enforceable against Lessor in accordance with its terms, except as may be limited by bankruptcy, reorganization, insolvency, bank moratorium or laws relating to or affecting creditors' rights generally and general principles of equity whether such enforceability is considered in a proceeding in equity or at law.

(b) Lessor's Title to Premises. Lessor represents, warrants and covenants that Lessor has lawful title to (or a valid leasehold interest in) the Facility and the Premises and that Lessee shall have quiet and peaceful possession of the Premises free from any claim of any entity or person of superior title thereto without hindrance to or interference with or molestation of Lessee's quiet enjoyment thereof, throughout the term of this Lease. To the extent Lessor's interest in all or any of the Facility is a leasehold interest, Lessor have caused each landlord (each, a "Lessor's Landlord") of each such portion of the Premises to execute and deliver an amendment to the Lessor's lease agreement or such other documentation as is reasonably acceptable to Lessee pursuant to which such Lessor's Landlord shall acknowledge and agree that Lessee's rights in the Premises granted hereunder shall run with such Premises throughout the term of this Lease (or until otherwise terminated pursuant to Section 8), notwithstanding any sale, lease, transfer, assignment, mortgage, pledge or other alienation or encumbrance by such Lessor's Landlord of the Premises. To the extent the Lessor is the fee simple owner of the Premises, Lessor shall not sell, lease, assign, mortgage, pledge or otherwise alienate or encumber the Premises unless Lessor shall have given Lessee at least 15 days' prior written notice thereof, which notice shall identify the transferee, the Premises to be so transferred and the proposed date of transfer. Lessor agrees that this Lease and the right of way granted in Section 1 of this Lease shall run with the Premises and survive any transfer of any of the Premises. Lessor agrees and acknowledges that it has no interest in the System and shall not gain any interest in the System by virtue of this Lease.

(c) No Interference With and Protection of System. Lessor will not conduct activities on, in or about the Facility or the Premises that have a reasonable likelihood of causing damage, impairment or otherwise adversely affecting the System. Lessor shall take all reasonable steps to limit access to the Premises to Lessor and Lessor's employees, invitees, agents and representatives. Lessor shall implement and maintain reasonable and appropriate security measures on the Premises to prevent Lessor's employees, invitees, agents and representatives, and other unrelated third-parties, from having access to the Premises or the System, and to prevent from occurring any theft, vandalism or other actions that have a reasonable likelihood of causing damage, impairment or otherwise adversely affecting the System. Lessor covenants that it will obtain a non-disturbance agreement ("NDA") from any third party, purchaser, lessee, assignee, mortgagee, pledge or other party who now has or may in the future obtain an interest in the Premises or to whom a lien has been granted, including, without limitation, any Financiers to Lessor, Lessor's Landlord or the owner of the Premises,

which NDA shall (a) acknowledge and consent to the Provider's rights contained in this Lease, (b) acknowledge that the third party has no interest or lien in the System and shall not gain any interest in the System by virtue of the Parties' performance or breach of this Lease and (c) subordinates any lien the third party may have related to the Facility to those rights and privileges granted to Lessee pursuant to this Lease with respect to the Facility and Premises.

(d) Maintenance of Facility. Lessor shall keep areas of the Facility and Premises that are under its control neat, clean and in good order and condition. Lessor shall give Lessee prompt notice of any damage to or defective condition in any part or appurtenance of the Facility and Premises (including mechanical, electrical, plumbing, heating, ventilating, air conditioning and other equipment facilities and systems located within or serving the Premises). Lessor shall give Lessee prompt notice of any damage to or defective condition in the System that it becomes aware of. Lessor shall exercise reasonable care to keep and make the Premises safe and to warn those lawfully on the Premises of existing dangers.

(e) Utilities. Lessor shall provide Lessee with Station Power during the term of this Lease. For purposes of this Lease "Station Power" shall mean electric energy consumed in the start-up and operation of the System, which is distinct from the alternating current output of the System. Lessor shall also provide Lessee access to a telephone line and/or an internet connection.

(f) Insolation. Lessor acknowledges and agrees that access to sunlight ("Insolation") is essential to the value to Lessee of the leasehold interest granted hereunder and is a material inducement to Lessee in entering into this Lease. Accordingly, Lessor shall not permit any interference with insolation on and at the Premises, including interference related to Pests. Without limiting the foregoing, Lessor shall not construct or permit to be constructed any structure on the Premises that could adversely affect insolation levels, permit the growth of foliage that could adversely affect insolation levels, or emit or permit the emission of suspended particulate matter, smoke, fog or steam or other air-borne impediments to insolation. If Lessor becomes aware of any potential development or other activity on adjacent or nearby properties that could diminish the insolation to the Premises, Lessor shall advise Lessee of such information and reasonably cooperate with Lessee in measures to preserve existing levels of insolation at the Premises. Notwithstanding any other provision of this Lease, the Parties agree that (i) Lessee would be irreparably harmed by a breach of the provisions of this Section 6(f), (ii) an award of damages would be inadequate to remedy such a breach, and (iii) Lessee shall be entitled to equitable relief, including specific performance, to compel compliance with the provisions of this Section 6(f).

(g) Hazardous Materials. To the best of Lessor's knowledge, there are no substances, chemicals or wastes, identified as hazardous, toxic or dangerous materials in any applicable law or regulation, present on, in or under the Premises in violation of any applicable law or regulation. Lessor shall not introduce or use any hazardous, toxic or dangerous materials on, in or under the Premises in violation of any applicable law or regulation. If Lessor becomes aware of any such hazardous, toxic or dangerous materials, Lessor shall promptly notify Lessee of the type and location of such materials in writing. Lessor agrees to assume full responsibility for any liability or cleanup obligations for any contamination or pollution or breach of environmental laws related to the Premises, unless directly attributable to the actions of Lessee.

(h) Premises Conditions. Lessor represents and warrants to Lessee that Lessor is unaware of any site conditions or construction requirements (a) that would materially

increase the cost of installing the System at the planned locations on the Premises or would materially increase the cost of maintaining the System at the Premises over the cost that would be typical or customary for solar photovoltaic systems substantially similar to the System or (b) that would adversely affect the ability of the System as designed to produce Energy once installed.

(i) Interconnection Point. Lessor will maintain, at all times, a suitable electrical interconnection point of sufficient capacity to accommodate the System on the Premises as such interconnection point as detailed in Exhibit B hereto.

**7. Representations and Warranties, Covenants of Lessee.**

(a) Authorization. Lessee represents and warrants that it (i) has been duly authorized to enter into this Lease by all necessary action, (ii) does not and will not require any further consent or approval of any person, authority or entity to consummate the obligations under this Lease, and (iii) will not be in default under any material agreement to which it is a party. This Lease constitutes a legal and valid obligation of Lessee, enforceable against Lessee in accordance with its terms, except as may be limited by bankruptcy, reorganization, insolvency, bank moratorium or laws relating to or affecting creditors' rights generally and general principles of equity whether such enforceability is considered in a proceeding in equity or at law.

(b) Hazardous Materials. Lessee shall not introduce or use any hazardous, toxic or dangerous materials on, in or under the Premises in violation of any applicable law or regulation. If Lessee becomes aware of any such hazardous, toxic or dangerous materials, Lessee shall promptly notify Lessor of the type and location of such materials in writing. Lessee agrees to assume full responsibility for (and protect, indemnify and defend Lessor against) any liability or cleanup obligations for any contamination or pollution or breach of environmental laws related to the use of any hazardous, toxic or dangerous materials on the Premises that are directly attributable to the actions of Lessee.

**8. Term and Termination.** The term of this Lease is coterminous with the SSA and this Lease shall terminate upon the expiration or termination of the SSA; provided, however, for a continuous period of one hundred eighty (180) days following the termination of this Lease, Lessor shall continue to provide Lessee (and its affiliates and subcontractors) with reasonable access to the Premises, consistent with the terms of this Lease, without payment of further rent or consideration in the event that the Lessee is permitted or required to remove the System pursuant to the terms of the SSA. Lessee may terminate this Lease at Lessee's sole discretion at any time by providing Lessor three (3) months' prior written notice.

**9. Insurance.** Each of Lessee and Lessor shall obtain and maintain the insurance coverages required under the SSA.

**10. Taxes.** Lessee shall pay all personal property taxes, possessory interest taxes, business or license taxes or fees, service payments in lieu of such taxes or fees, annual or periodic license or use fees, excises, assessments, bonds, levies, fees or charges of any kind which are assessed, levied, charged, confirmed, or imposed by any public authority due to Lessee's occupancy and use of the Premises (or any portion or component thereof). Lessor shall pay all (i) real and personal property taxes relating to the real property on which the Premises is situated, (ii) inheritance or estate taxes imposed upon or assessed against the

Premises, or any part thereof or interest therein, (iii) taxes computed upon the basis of the net income or payments derived from the Premises by Lessor or the owner of any interest therein, and (iv) taxes, fees, service payments, excises, assessments, bonds, levies, fees or charges of any kind which are adopted by any public authority after the date hereof.

11. **Indemnity.** Unless otherwise expressly indicated herein, the indemnification obligations of each Party are set forth in the SSA along with certain limitations on liability for both the SSA and this Lease.

12. **Casualty or Condemnation.** In the event the Premises shall be so damaged or destroyed so as to make the use of the Premises impractical as determined by Lessee, then either Lessee may elect to terminate this Lease on not less than twenty (20) days' prior notice to Lessor effective as of a date specified in such notice, and on the date so specified, this Lease shall expire as fully as if such date were the date set forth above for the expiration this Lease. If Lessee does not elect to terminate this Lease pursuant to the previous sentence, Lessor shall exercise commercially reasonable efforts to repair the damage to the Premises and return the Premises to its condition prior to such damage or destruction, and except that Lessor shall in no event be required to repair, replace or restore any property of Lessee comprising part of the System, which replacement or restoration shall be Lessee's responsibility. In the event of an award related to eminent domain or condemnation of all or part of the Premises, each Party shall be entitled to take from such an award that portion as allowed by law for its respective properly interest appropriated as well as any damages suffered thereby.

13. **Assignment.** Each Party shall have the right to assign any of its rights duties or obligations under this Lease as permitted (or not permitted) under Article XVII of the SSA. Any proper assignee of the rights and duties of Lessee under the SSA shall also be deemed to be a proper assignee of Lessee's rights and duties under this Lease so long as such successor in interest agrees to assume the obligations of Lessee and abide by the terms and conditions hereunder.

14. **Provisions Benefiting Financier.**

(a) **Financier's Right to Possession, Right to Acquire and Right to Assign.** A Financier shall have the absolute right to do one, some or all of the following things: (a) assign its Lien; (b) enforce its Lien; (c) acquire title (whether by foreclosure, assignment in lieu of foreclosure or other means) to the leasehold estate created by this Lease (the "**Leasehold Estate**") and the rights created under the SSA; (d) take possession of and operate the System or any portion thereof and perform any obligations to be performed by Lessee hereunder and under the SSA, or cause a receiver to be appointed to do so; (e) assign or transfer the Leasehold Estate to a third party; or (f) exercise any rights of Lessee hereunder or under the SSA. Lessor's consent shall not be required for any of the foregoing; and, upon acquisition of the Leasehold Estate by a Financier or any other third party who acquires the same from or on behalf of the Financier or any purchaser who purchases at a foreclosure sale, Lessor shall recognize the Financier or such other party (as the case may be) as Lessee's proper successor, and the Lease and the SSA shall remain in full force and effect.

(b) **Notice of Default.** As a precondition to exercising any rights or remedies under this Lease or under the SSA as a result of any default or alleged default by Lessee, Lessor shall deliver a duplicate copy of the applicable notice of default (a "**Notice of Default**") to each Financier concurrently with delivery of such notice to Lessee, as applicable, specifying in

detail the alleged Event of Default and the required remedy, provided Lessor was given notice of such Financier as provided hereunder.

(c) Cure. A Financier shall have the same period after receipt of a Notice of Default to remedy an Event of Default, or cause the same to be remedied, as is given to Lessee after Lessee's receipt of a Notice of Default hereunder, plus, in each instance, the following additional time periods: (a) ten (10) Business Days in the event of any monetary Event of Default; and (b) sixty (60) days in the event of any non-monetary Event of Default; provided, however, that (a) such sixty (60)-day period shall be extended for the time reasonably required by the Financier to complete such cure, including the time required for the Financier to obtain possession of the System (including possession by a receiver), institute foreclosure proceedings or otherwise perfect its right to effect such cure and (b) the Financier shall not be required to cure those Events of Default which are not reasonably susceptible of being cured or performed by such Party ("Non-Curable Defaults"). The Financier shall have the absolute right, but not the obligation, to substitute itself or an affiliate for Lessee and perform the duties of Lessee hereunder for purposes of curing such Event of Default. Lessor expressly consents to such substitution, agrees to accept such performance, and authorizes the Financier, its affiliate (or either of their employees, agents, representatives or contractors) to enter upon the Premises to complete such performance with all of the rights and privileges of Lessee hereunder. Lessor shall not terminate this Lease or the SSA prior to expiration of the cure periods available to a Financier as set forth above.

(d) Deemed Cure; Extension. If any Event of Default by Lessee under this Lease or the SSA cannot be cured without obtaining possession of all or part of (a) the System, or (b) the Leasehold Estate, then any such Event of Default shall nonetheless be deemed remedied if: (i) within sixty (60) days after receiving notice from Lessor as set forth in Section 14 (b), a Financier acquires possession thereof, or commences appropriate judicial or nonjudicial proceedings to obtain the same; (ii) the Financier is prosecuting any such proceedings to completion with commercially reasonable diligence; and (iii) after gaining possession thereof, the Financier performs all other obligations as and when the same are due in accordance with the terms of this Lease and the SSA. If a Financier is prohibited by any process or injunction issued by any court or by reason of any action of any court having jurisdiction over any bankruptcy or insolvency proceeding involving Lessee, from commencing or prosecuting the proceedings described above, then the sixty (60)-day period specified above for commencing such proceedings shall be extended for the period of such prohibition.

(e) Liability. A Financier that does not directly hold an interest in this Lease and the SSA, or that holds a Lien, shall not have any obligation under this Lease or the SSA prior to the time that such Financier succeeds to absolute title to such interest. Any such Financier shall be liable to perform obligations under this Lease or the SSA only for and during the period of time that such Financier directly holds such absolute title. Further, in the event that a Financier elects to (a) perform Lessee's obligations under this Lease or the SSA, (b) continue Solar Services on the Premises, (c) acquire any portion of Lessee's right, title, or interest in the System, in this Lease or in the SSA or (d) enter into a new lease as provided in Section 14 (f) then such Financier shall not have any personal liability to Lessor in connection therewith, and Lessor's sole recourse in the event of default by such Financier shall be to execute against such Financier's interest in the System. Moreover, any Financier or other party who acquires the Leasehold Estate pursuant to foreclosure or an assignment in lieu of foreclosure shall not be liable to perform any obligations thereunder to the extent the same are incurred or accrue after such Financier or other party no longer has ownership of the Leasehold Estate.

(f) New Lease to Financier. In the event that this Lease or the SSA (a) terminates because of Lessee's uncured Event of Default or (b) is rejected or disaffirmed pursuant to bankruptcy law or any other law affecting creditors' rights, then, so long as a Financier has cured any such monetary Event of Default and is making commercially reasonable efforts to cure any such non-monetary Event of Default as provided herein, Lessor shall, immediately upon written request from such Financier received within ninety (90) days after any such event, without demanding additional consideration therefor, enter into a new lease in favor of such Financier, which new lease shall (i) contain the same covenants, agreements, terms, provisions and limitations as this Lease (except for any requirements that have been fulfilled by Lessee prior to such termination, foreclosure, rejection or disaffirmance), (ii) be for a term commencing on the date of such termination, foreclosure, rejection or disaffirmance, and continuing for the remaining term of this Lease before giving effect to such termination, foreclosure, rejection or disaffirmance, (iii) contain a lease (or other subordinate interest) of the Premises or such portion thereof as to which such Financier held a Lien on the date of such termination, foreclosure, rejection or disaffirmance, (iv) contain a grant to the Financier of access, transmission, communications, utility and other easements covering such portion or portions of the Premises as such Financier may reasonably designate and (v) enjoy the same priority as this Lease over any lien, encumbrance or other interest created by Lessor; and, until such time as such new lease is executed and delivered, the Financier may enter, use and enjoy the Premises and perform the Solar Services thereon as if the Lease and the SSA were still in effect. At the option of the Financier, the new lease may be executed by a designee of such Financier, without the Financier assuming the burdens and obligations of Lessee thereunder. If more than one Financier makes a written request for a new lease pursuant hereto, then the same shall be delivered to the Financier whose Lien is senior in priority.

(g) Financier's Consent. Notwithstanding any provision of this Lease to the contrary, (a) Lessor shall not agree to a modification or amendment of this Lease if the same could reasonably be expected to materially reduce the rights or remedies of a Financier or impair or reduce the security for its Lien and (b) Lessor shall not accept a surrender of the System or any part thereof or a termination of this Lease or the SSA; in each such case without the prior written consent of each Financier.

(h) Collateral. Lessor hereby agrees that it may not institute, create or hold any lien (including, without limitation, any lien under A.R.S. § 33-362) in and to the System and other property of Lessee that is or may from time to time hereafter be located at the Premises, and to which Lessee has granted or will grant a security interest to Financier (all such property and the records relating thereto shall be hereafter called the "Collateral") to the lien of Financier. Lessor recognizes and acknowledges that any claim or claims ("Claims") that Financier has or may have against such Collateral by virtue of any lien or security interest, are superior to any claim of any nature that Lessor now has or may hereafter have to such Collateral by statute, agreement or otherwise. The Financier's rights provided for herein shall be effective until the discharge of the Claims. Lessor further agrees to notify any purchaser of the Premises or Facility, and any subsequent mortgagee or other encumbrance holder, of the existence of the foregoing waiver of Lessor's lien, which shall be binding upon the executors, administrators, successors and transferees of Lessor, and shall inure to the benefit of the successors and assigns of Financier.

(i) No Lien. Lessor consents to Financier's security interest in the Collateral and waives all right of levy for rent and all claims and demands of every kind against the Collateral, such waiver to continue so long as any sum remains owing from Lessee to the

Financier. Lessor agrees that the Collateral shall not be subject to distraint or execution by, or to any claim of, Lessor.

(j) No Prevention of Lessor. Lessor hereby irrevocably agrees and consents to refrain from taking any action to bar, restrain or otherwise prevent Financier from the Facility for the purpose of inspecting the Collateral.

**15. Defaults and Remedies.**

(a) Default. If a Party (the "Defaulting Party") fails to perform its obligations hereunder (an "Event of Default"), then it shall not be in default hereunder unless it fails to cure such Event of Default within ten (10) Business Days after receiving notice from the other Party (the "Non-Defaulting Party") for any monetary Event of Default or within sixty (60) days after receiving written notice from the Non-Defaulting Party stating with particularity the nature and extent of such Event of Default and specifying the method of cure (a "Notice of Default"); provided, however, that if the nature or extent of the obligation or obligations is such that more than sixty (60) days are required, in the exercise of commercially reasonable diligence, for performance of such obligation(s), then the Defaulting Party shall not be in default if it commences such performance within such sixty (60) day period and thereafter pursues the same to completion with commercially reasonable diligence.

(b) Payment Under Protest. The Defaulting Party may cure any monetary Event of Default by depositing the amount in controversy (not including claimed consequential, special, exemplary or punitive damages) in escrow with any reputable third party escrow, or by interpleading the same, which amount shall remain undistributed until final decision by a court of competent jurisdiction or upon agreement by the Parties. No such deposit shall constitute a waiver of the Defaulting Party's right to institute legal action for recovery of such amounts

(c) Remedies. The Non-Defaulting Party shall have and shall be entitled to exercise any and all remedies available to it at law or in equity, including the right to terminate the Lease pursuant to applicable Law, all of which remedies shall be cumulative. Such remedies shall include the right in the Non-Defaulting Party to pay or perform any obligations of the Defaulting Party that have not been paid or performed as required hereunder, and to obtain (i) subrogation rights therefor and (ii) immediate reimbursement from the Defaulting Party for the actual, reasonable and verifiable out-of-pocket costs of such payment or performance. Lease may be amended only in writing signed by Lessee and Lessor or their respective successors in interest.

**16. Notices.** All notices, requests, statements or payments will be made to the addresses and persons specified below. All notices will be made in writing except where this Lease expressly provides that notice may be made orally. Notices required to be in writing will be delivered by hand delivery, overnight delivery, facsimile, or e-mail (so long as a copy of such e-mail notice is provided immediately thereafter in accordance with the requirements of this section by hand delivery, overnight delivery, or facsimile). Notice by facsimile will (where confirmation of successful transmission is received) be deemed to have been received on the day on which it was transmitted (unless transmitted after 5:00 p.m. at the place of receipt or on a day that is not a Business Day, in which case it will be deemed received on the next Business Day). Notice by hand delivery or overnight delivery will be deemed to have been received when delivered. Notice by e-mail will be deemed to have been received when such e-mail is transmitted, so long as a copy of such e-mail notice is delivered immediately thereafter by hand delivery, overnight delivery, or facsimile. When Notice is permitted to be provided orally, notice

by telephone will be permitted and will be deemed to have been received at the time the call is received. A Party may change its address by providing notice of the same in accordance with the provisions of this section.

If to Lessor:

Paradise Valley Unified School District  
Attn: Ken Carter  
15002 N. 32<sup>nd</sup> St.  
Phoenix, AZ  
Phone: 602-4492071

If to Lessee:

SOLON PV1 LLC  
Attn: Brian Slayne  
6950 S Country Club Rd  
Tucson, AZ 85756  
Phone: (520) 807-1300  
Facsimile: (520) 807-4046

17. **Waiver.** The waiver by either party of any breach of any term, condition, or provision herein contained shall not be deemed to be a waiver of such term, condition, or provision, or any subsequent breach of the same, or any other term, condition, or provision contained herein.

18. **Notice of Malfunction.** Each Party shall notify the other Party as promptly as reasonably possible but in any event within twenty-four (24) hours following the discovery by it of any material malfunction of the System or interruption in the supply of Energy from the System. Each Party shall designate and advise the other Party of personnel to be notified in the event of such an emergency if different from the person identified in Section 16 directly above. Lessee shall correct, or cause to be corrected, any conditions related to the System that caused the emergency as soon as reasonably possible in light of the circumstances following notice of such emergency. Lessor shall correct, or cause to be corrected, any conditions under its control or responsibility that caused such emergency as soon as reasonably possible in light of the circumstances following notice of such emergency.

19. **Remedies Cumulative.** No remedy herein conferred upon or reserved to Lessee or Lessor shall exclude any other remedy herein or by law provided, but each shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

20. **Headings.** The headings in this Lease are solely for convenience and ease of reference and shall have no effect in interpreting the meaning of any provision of this Lease.

21. **Choice of Law.** This Lease shall be construed in accordance with the laws of the State of Arizona (without regard to its conflict of laws principles).



22. **Binding Effect.** This Lease and its rights, privileges, duties and obligations shall inure to the benefit of and be binding upon each of the parties hereto, together with their respective successors and permitted assigns.

23. **Counterparts.** This Lease may be executed in counterparts, which shall together constitute one and the same agreement. Facsimile or "pdf" signatures shall have the same effect as original signatures and each party consents to the admission in evidence of a facsimile or photocopy of this Lease in any court or arbitration proceedings between the parties.

24. **Entire Lease.** This Lease, the EPC and the SSA (including the exhibits, any written schedules, supplements or amendments thereto) represent the full and complete understanding between the parties hereto with respect to the subject matter contained herein and therein and supersede all prior written or oral agreements between said parties with respect to said subject matter. In the event of any conflict between the provisions of this Lease, the EPC and the provisions of the SSA then the provisions of the SSA shall govern and control.

25. **Further Assurances.** Upon the receipt of a written request from the other party, each party shall execute such additional documents, instruments and assurances and take such additional actions as are reasonably necessary to carry out the terms and intent hereof. Neither party shall unreasonably withhold, condition or delay its compliance with any reasonable request made pursuant to this section. At the request of Lessee, Lessor agrees to execute and deliver in recordable form, a memorandum of this Lease for recording in the title records of the county where the Premises are located or other applicable government office.

26. **Service Contract.** It is the intention of the Parties that the Transactions, taken as a whole, shall meet all of the requirements set forth in Section 7701(e)(4) of the Internal Revenue Code of 1986, as amended (the "**Code**"), and any related Treasury Regulations and IRS administrative pronouncements, so that the Transactions, taken as a whole, are deemed to be treated as a "service contract" and not as a "lease" pursuant to Code Section 7701(e). In the event that the provision of the Transactions, taken as a whole, fail to comply with the requirements set forth in Code Section 7701(e)(4), then any such provision shall be of no force or effect and shall be subject to modification by Provider, in its sole discretion, to comply with Code Section 7701(e)(4); provided, however, that no such modifications shall serve to increase the Solar Services Payment Rate or any other amount payable by Recipient hereunder or under the SSA or otherwise increase in any material respect Recipient's other obligations under the Transactions.

27. **Estoppel.** Either Party hereto, without charge, at any time and from time to time, within five (5) business days after receipt of a written request by the other party hereto, shall deliver a written instrument, duly executed, certifying to such requesting party, or any other person, firm or corporation specified by such requesting party:

- (a) That this Lease is unmodified and in full force and effect, or if there has been any modification, that the same is in full force and effect as so modified, and identifying any such modification;
- (b) Whether or not to the knowledge of any such party there are then existing any offsets or defenses in favor of such party against enforcement of any of the terms, covenants and conditions of this Lease and, if so, specifying the same and also whether or not to the knowledge of such party the other party has observed and

performed all of the terms, covenants and conditions on its part to be observed and performed, and if not, specifying the same; and

(c) Such other information as may be reasonably requested by a Party hereto.

Any written instrument given hereunder may be relied upon by the recipient of such instrument, except to the extent the recipient has actual knowledge of facts contained in the certificate.

28. Lessee Records and Audits. Lessee shall retain all records relating to this Agreement for five (5) years after termination of this Agreement, and all such records shall be subject at all reasonable times to inspection and audit by Lessor for five (5) years after termination of this Agreement.

29. This agreement is subject to termination for conflict of interest pursuant to A.R. S. § 38-511.

*[signature page to follow]*

IN WITNESS WHEREOF, the parties have executed this Lease on the day and year first above written.

SOLON PV1, LLC

By: [Signature]

Name: Daniel Alenight

Title: VP General Manager

[PARADISE VALLEY UNIFIED SCHOOL DISTRICT NO. 69]

By: [Signature]

Name: Ken Carter

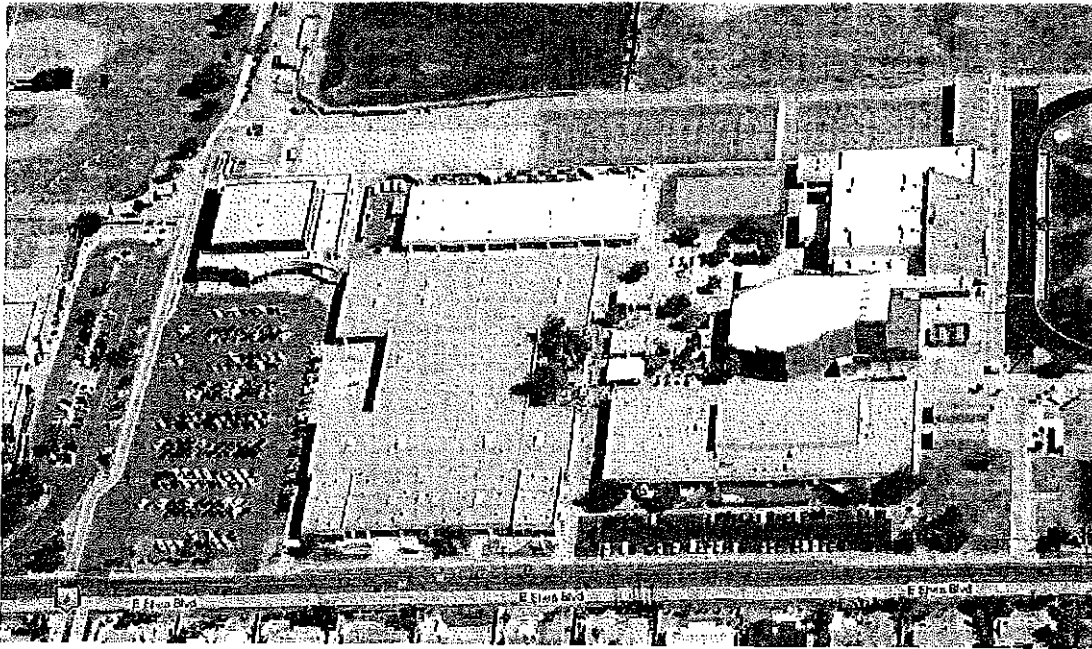
Title: Director of Purchasing

## EXHIBIT A

### *Description of the Facility*

#### **Shadow Mountain High School System**

Shadow Mountain High School property and facilities are located at 2902 E. Shea Boulevard, Phoenix, AZ 85028. The high school is located within the City of Phoenix. Arizona Public Services currently supplies power to the school.



**Shadow Mountain High School**

## EXHIBIT B

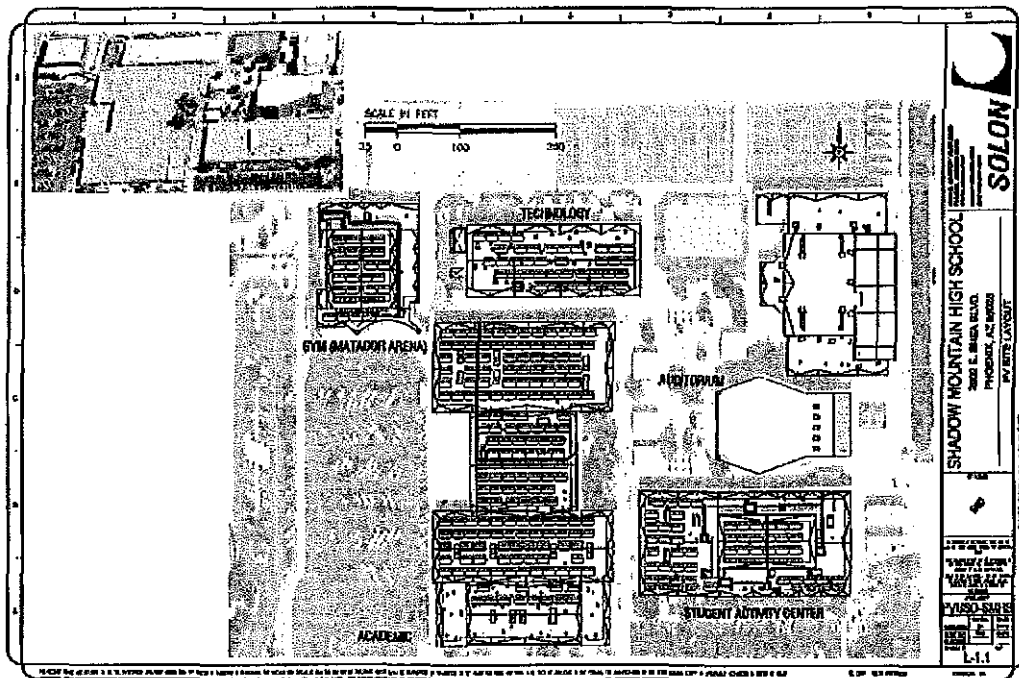
### Description of the Premises

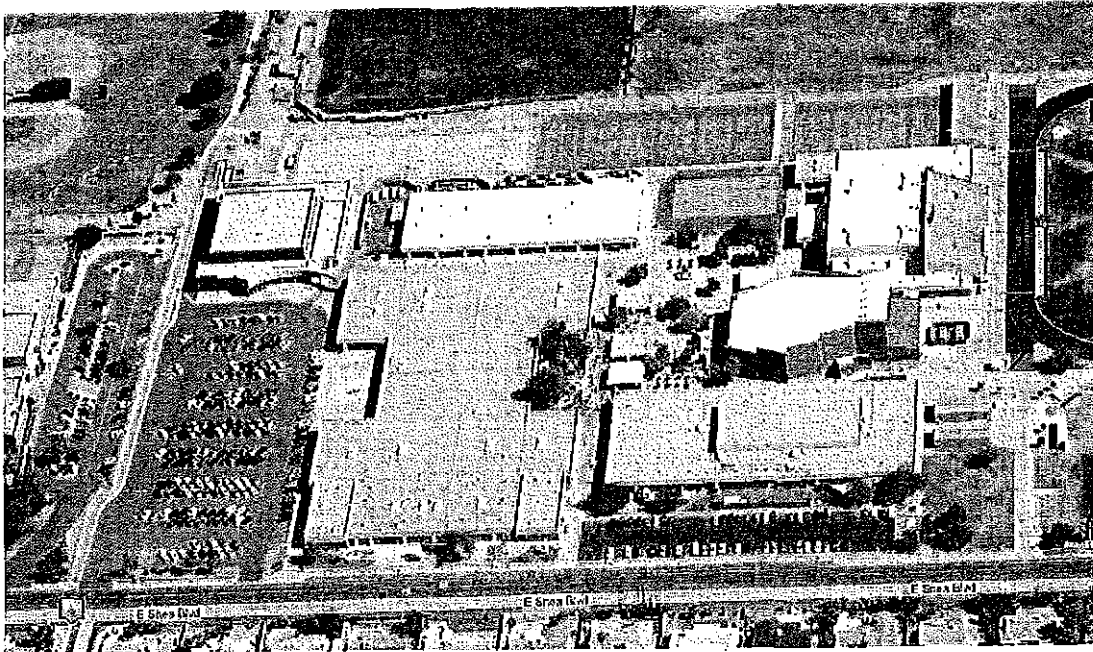
#### Shadow Mountain High School System

Shadow Mountain High School property and facilities are located at 2902 E. Shea Boulevard, Phoenix, AZ 85028. The high school is located within the City of Phoenix. Arizona Public Services currently supplies power to the school.

The proposed solar layout can be seen in the attached layout drawing L-1.1.

The PV modules will be distributed across the following four buildings, Gym (Matador Arena), Technology, Academic, and Student Activity Center. The distribution of modules across buildings will aid in the interconnection of the solar system to the power grid.





**Shadow Mountain High School**